



City of Tukwila, Washington

COMPREHENSIVE ANNUAL FINANCIAL REPORT

*For the fiscal year ended
December 31, 2017*



TUKWILA VILLAGE

City of Tukwila, Washington

VISION

*The city of opportunity,
the community of choice*

MISSION

*To provide superior services
that support a safe, inviting and
healthy environment for our
residents, businesses and guests.*

VALUES

*Caring
Professional
Responsive*

STRATEGIC GOALS AND OBJECTIVES

1 A community of inviting neighborhoods and vibrant business districts

- ◆ *Cultivate community ownership of shared spaces.*
- ◆ *Build a broad and collaborative approach to preventing crime and increasing the sense of safety.*
- ◆ *Focus City planning and investments on creating a connected, dynamic urban environment.*
- ◆ *Use City efforts and investments to realize established visions for specific sub-areas.*

2 A solid foundation for all Tukwila residents

- ◆ *Partner with organizations that help meet the basic needs of all residents.*
- ◆ *Strive for excellent education, vocational supports, and personal growth opportunities through effective partnerships and City services.*
- ◆ *Encourage maintenance, improvements and diversity in the City's housing stock.*

3 A diverse and regionally competitive economy

- ◆ *Embrace the City's economic potential and strengthen the City's role as a regional business and employment center.*
- ◆ *Strengthen the City's engagement and partnership with the business community.*

4 A high-performing and effective organization

- ◆ *Use Tukwila's Vision, Mission, and Strategic Plan to focus and prioritize City efforts.*
- ◆ *Advance Tukwila's interests through participation in regional partnerships.*
- ◆ *Continue to develop as an organization and support individual growth.*
- ◆ *Ensure City facilities are safe, efficient and inviting to the public.*
- ◆ *Ensure the long-term fiscal sustainability of the City.*

5 A positive community identity and image

- ◆ *Improve the City's ability to build trust and work with all members of the Tukwila community.*
- ◆ *Facilitate connections among Tukwila's communities.*
- ◆ *Promote a positive identity and image of Tukwila.*



The City of Tukwila, Washington

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

For the Year Ended December 31, 2017

*Prepared by the City of Tukwila, Finance Department
Peggy McCarthy, Finance Director*

Allan Ekberg, MAYOR

TUKWILA CITY COUNCIL

Verna Seal, Council President

Dennis Robertson

Kathy Hougardy

De'Sean Quinn

Kate Kruller

Thomas McLeod

Zak Idan

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2017

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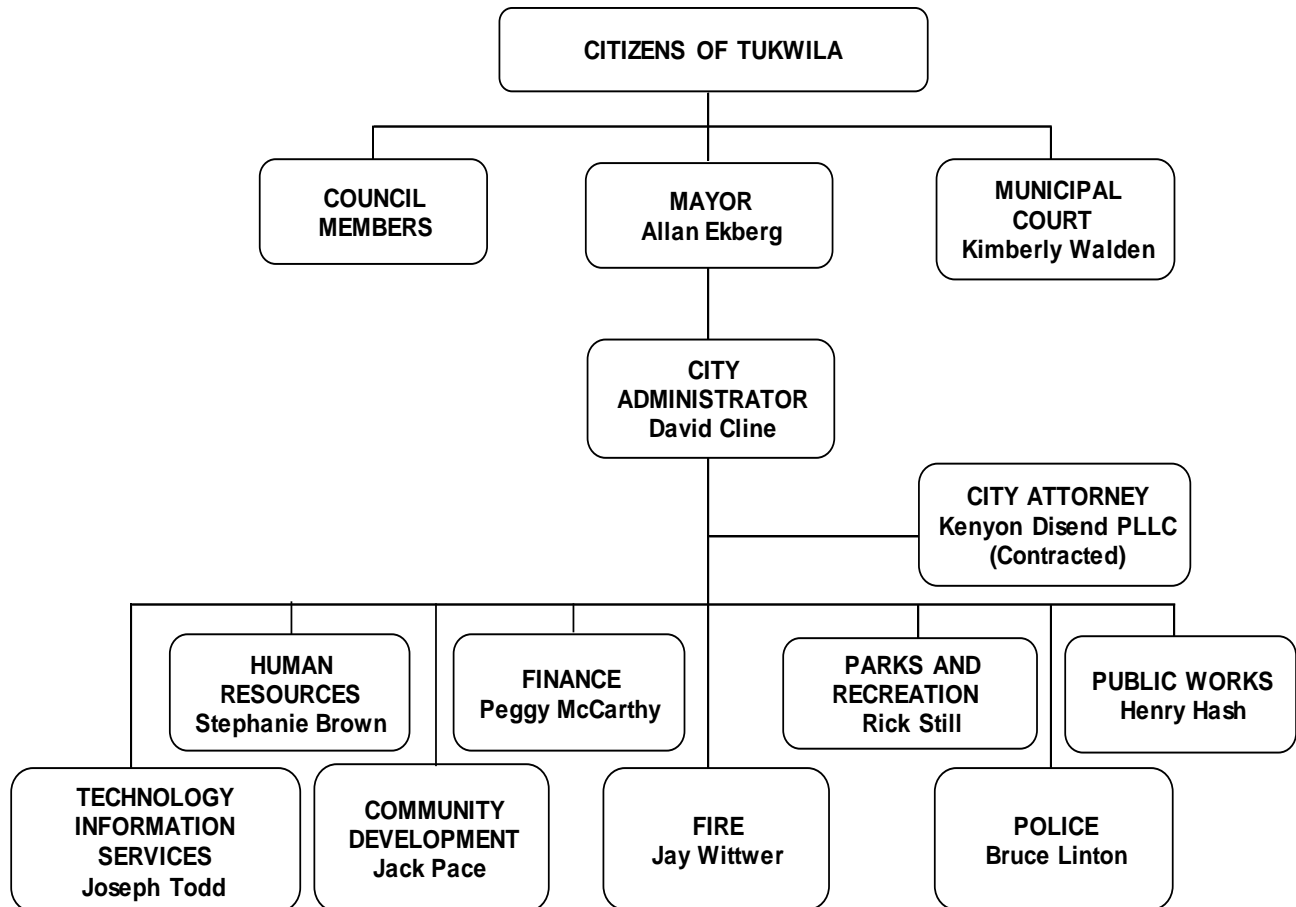
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ADMINISTRATIVE ORGANIZATIONAL STRUCTURE AND PRINCIPAL OFFICIALS



COUNCIL COMMITTEES

COUNCIL PRESIDENT
Dennis Robertson

FINANCE COMMITTEE

De'Sean Quinn, Chairperson
Dennis Robertson, Member
Kate Kruller, Member

TRANSPORTATION & INFRASTRUCTURE

Thomas McLeod, Chairperson
De'Sean Quinn, Member
Zak Idan, Member

COMMUNITY DEVELOPMENT & NEIGHBORHOODS

Kate Kruller, Chairperson
Kathy Hougardy, Member
Zak Idan, Member

PUBLIC SAFETY

Kathy Hougardy, Chairperson
Dennis Robertson, Member
Thomas McLeod, Member





City of Tukwila

6200 Southcenter Blvd, Tukwila, WA 98188

Allan Ekberg, Mayor

June 27, 2018

Honorable Allan Ekberg, Mayor
Members of the Tukwila City Council
Citizens of Tukwila
City of Tukwila
6200 Southcenter Boulevard
Tukwila, Washington 98188-2599

Subject: TRANSMITTAL OF 2017 COMPREHENSIVE ANNUAL FINANCIAL REPORT

I am pleased to transmit the City of Tukwila's Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2017. This transmittal letter provides an overview of the report and the financial condition of the City. State law requires that cities publish financial statements annually in conformity with Generally Accepted Accounting Principles (GAAP), which are audited in accordance with generally accepted auditing standards by the State Auditor's Office, under the Revised Code of Washington (RCW) 43.09.230.

The CAFR has several significant uses. First, it provides a general overview of the City's finances to the general public and taxpayers. Second, it is used as a reference by bond buyers and rating agencies to evaluate the City's fiscal stability and creditworthiness. Finally, the CAFR is a series of financial statements that have been audited by the State Auditor's Office and provides assurances that assets are safeguarded and funds are expended as they were legally appropriated in the adopted budget.

The Tukwila Finance Department prepared the report and accepts responsibility for the accuracy, completeness, and fairness of presentation of the information included. The data is believed to be accurate in all material respects, and it is believed that the data is presented in a manner that fairly sets forth the results of operations and financial position of the City, as measured by the financial activity of the City's various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included. The report has been prepared in conformance with GAAP and in conformance with financial reporting standards issued by the Governmental Accounting Standards Board (GASB).

City management has developed and evaluated a comprehensive internal control structure that is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal controls should not exceed the benefits expected to be derived. As management, we attest that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

As a recipient of federal, state and county financial assistance, the City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act amendments of 1996 and U.S. Office of Management and Budget *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The audit is conducted by the State Auditor's Office in conjunction with the City's annual independent audit. Information related to this single audit includes the Schedule of Expenditures of Federal Awards, findings, and recommendations, if applicable, and auditor's reports on internal control and compliance with applicable laws, regulations, contracts, and agreements. The results of the City's annual single audit for the fiscal year ended December 31, 2016 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws.

Management's Discussion and Analysis (MD&A) immediately follows the State Auditor's report and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

PROFILE OF THE CITY

Incorporated in 1908, the City of Tukwila is in the heart of the Puget Sound region, 12 miles south of downtown Seattle, 17 miles north of Tacoma, and one mile east of Seattle-Tacoma International Airport. Tukwila has a small residential population of 19,660, making it the 55th largest of 281 cities in the State of Washington. However, the daytime shopper/visitor and working population can reach over 150,000 during the holiday shopping season.

The City of Tukwila is a non-charter optional code City, operating under Section 35A of the Revised Code of Washington. It has a strong Mayor form of government with a seven-member City Council elected by the voters of the City to serve a four-year term. Councilmembers are elected at large rather than by district and are responsible for establishing the general guidelines and policies for the City. The Mayor appoints the City Administrator as the City's chief administrative officer responsible for carrying out the policies and direction set by the Mayor and City Council.

The City of Tukwila provides a full range of local government services. These services include police and fire protection, emergency medical services, construction and maintenance of streets and traditional municipal infrastructure, planning and zoning, park and recreational activities, and cultural events. In addition, the City operates an equipment maintenance/rental fund. The City operates its own municipal 18-hole golf course and provides sewer, water, and surface water services. Tukwila has a municipal court for traffic infractions, misdemeanors, and gross misdemeanors. Other jurisdictions provide jail services to the City. Tukwila residents receive library services from the King County Library System.

Since the 2009-2010 biennium, the City has adopted a biennial budget in accordance with RCW 35A.34. The Council is required to adopt a biennial budget prior to the first of each odd-numbered calendar year. Budget reviews are conducted at mid-biennium and any changes for the second half of the biennium are adopted by the City Council. The biennial budget serves as the foundation for the City of Tukwila's financial planning and control. The budget is adopted at the fund level and any increases or decreases to a fund must be authorized by Council. Appropriation changes within a fund may be authorized by the Mayor. The General Fund, two special revenue funds, one debt service fund, and eight capital project funds are included in the biennially appropriated operating budget and have budget to actual statements presented for 2017.

As demonstrated by the statements and schedules included in the financial section of this report, the city continues to meet its responsibility for sound financial management.

LOCAL ECONOMY

Tukwila is a great place for business. With nearly 40,000 jobs, more people are employed in the City of Tukwila than in 27 of the 39 counties in the State of Washington. Approximately one third of the jobs are retail, one third are in manufacturing, and the remainder span everything from entertainment to real estate.

Many well-known companies such as Boeing, Costco and United Parcel Service employ thousands of people in Tukwila. Further, Tukwila is home to the global headquarters of Boeing Employees Credit Union (BECU), Continental Mills, Odin Brewing Company, Red Dot Corporation, Sabey Corporation, and Seattle Chocolates. Tukwila is also home to hundreds of small businesses, many of which are owned by members of the city's diverse international community. The strong local economy is evident in the low unemployment rate of 3.5%, down significantly from a 10-year high of 11.7% in 2010.

Tukwila enjoys a strong position in the Puget Sound region as well as the state of Washington. Tukwila's location is at the crossroads of the State's most significant freeway network (the I-5 and I-405 interchange), and includes all modes of public transportation. Tukwila's transit stations include the commuter Sounder train, Sound Transit's light rail, and the Tukwila Transit Center that all reinforce the well-established advantages of Tukwila as an employment and retail hub. These major transportation systems, the strategic access to Seattle, Tacoma, Sea-Tac Airport, and the population base of the south Puget Sound region provide a natural setting for commercial and industrial activity.

Tukwila is a retail powerhouse with one of the largest local retail sales tax bases in the state of Washington. Anchored by Westfield Southcenter, which is the largest mall in the Pacific Northwest, Tukwila generated almost \$2.2 billion dollars in taxable retail sales in 2017. The total retail sales tax revenue amounted to \$18.7 million in 2017, representing slight decrease from the \$18.9 million collected in the prior year.

LONG-TERM FINANCIAL PLANNING

The city uses its six-year financial planning model and Capital Improvement Program (CIP) as long-term financial planning tools. These tools, along with regular review and revisions to the financial policies, ensure the City incorporates current economic conditions and financial projections into its long-range financial plans. In mid-2015, the City revised its financial reserve policy to increase the General Fund reserve level from 10% to 18%, and added a one-time 10% revenue reserve in the Contingency Fund. These changes will ensure the City's policies are in alignment with the Government Finance Officers Association's "Best Practices" and provide additional protection from future downturns in the economy.

The City's diversified revenue base is supported by an assessed valuation of \$6.2 billion, which is an increase of 7.3% from 2016, allowing the City to pursue a long-term capital investment program. The City's 2017-2022 Capital Improvement Program anticipates just over \$200 million in general government capital projects, with only \$11.2 million of that paid by City funding sources. These improvements are vital to the economic health of the City which must continue to efficiently move employees, shoppers, and goods into and out of the area.

MAJOR INITIATIVES

The City made significant investments of time and financial resources into key public projects in 2017. These projects represent Council's commitment to meeting their five Strategic Goals and Objectives:

- A community of inviting neighborhoods and vibrant business districts
- A solid foundation for all Tukwila residents
- A diverse and regionally competitive economy
- A high-performing and effective organization, and
- A positive community identity and image

The new \$10 million pedestrian/bicycle bridge was finalized in 2017. The non-motorized bridge crosses the Green River and provides a connection between Southcenter and the West Valley Highway area, including the Tukwila Station (Sounder/Amtrak station). The pedestrian bridge was funded with a \$6.87 million State Regional Mobility Grant from WSDOT, federal grant funds, park impact fees, and City funding.

The City of Tukwila began construction on 42nd Avenue, which will include new street improvements, drainage, curbs, gutters, and driveway adjustments. It will also bring new sidewalks and bike facilities to this important residential corridor, as well as undergrounding various utility wires along 42nd. The project includes building a new culvert at Gilliam Creek that will make the stream crossing fish passable and improve roadway safety. The City issued bonds to cover the General Fund portion of the project, the bulk of the financing. Surface Water fees collected by the City will pay for the culvert replacement portion, and Seattle City Light and other communication utilities will cover a portion of the costs associated with undergrounding the utilities.

Construction has also started on 53rd Avenue South, from South 137th St to South 144th Street, to improve pedestrian and vehicle safety, drainage, and neighborhood revitalization. The project will include residential street improvements such as curb, gutter, sidewalk, utility undergrounding, and illumination. This project is anticipated to be complete in 2018, and will be funded by bonds, a state TIB grant, and support from utility funds.

The City of Tukwila has an on-going extensive rehabilitation program in the Sewer Fund for the Southcenter Commercial Business District. As the sewer mains are reaching their 50-year life span, the City has budgeted over \$1 million for 5 years to reline the asbestos concrete pipes in the Southcenter area. The relining of the sewer pipes will extend the life span approximately 50 years and reinforce the strength with little impact to the roadway and minimal excavation.

The City continued its partnership with Tukwila Village Development Associates (TVDA) to develop six acres of City-owned land on Tukwila International Boulevard at South 144th Street, known as Tukwila Village. In 2017 the King County Library System opened the new Tukwila Library and TVDA completed the plaza and opened Kona Kai Coffee. Construction continued on two mixed-use apartment buildings including 193 units for seniors which will open in 2018. TVDA will re-start construction on the remaining two mixed-use senior apartment buildings in 2018 with scheduled openings in 2019 and 2020. When fully open, the development will include 398 senior apartments and 4 live/work units, plus 13,000 square feet of office and 16,000 square feet of retail in addition to the plaza and library. When completed, the entire Tukwila Village project costs will be over \$100 million.

Adjacent to Tukwila Village, the City substantially completed street and frontage improvements on South 144th Street between Tukwila International Blvd and 42nd Avenue South. This project includes a new traffic signal next to Tukwila School District's Foster High School.

The Public Safety Plan continues to be a primary focus for the City, with voters approving \$77 million in bonds in 2016 to finance a new Justice Center, three fire stations, and replacement fire equipment and apparatus. The design phase is moving forward, and properties have been identified for the new structures. This project will remain a high priority.


AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tukwila for its comprehensive annual financial report for the fiscal year that ended December 31, 2016. This was the 30th consecutive year that Tukwila has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of the entire staff of the Finance Department and the cooperation of other City departments. Their long hours of assistance with the preparation and review of this report are greatly appreciated. The Mayor, City Administrator and City Council are to be complimented for their encouragement, interest, and support in conducting the financial operations of the City in a fiscally sound and progressive manner. The efficient assistance of examiners from the Office of the State Auditor is also appreciated. Staff who had a direct role in preparing Tukwila's 2017 Comprehensive Annual Financial Report take great pride in their work, and the entire team who worked on this project is to be commended.

Respectfully submitted,

A handwritten signature in black ink that reads "Peggy McCarthy". The signature is written in a cursive, flowing style.

Peggy McCarthy, CPA
Finance Director





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Tukwila
Washington**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morrell

Executive Director/CEO





**Office of the Washington State Auditor
Pat McCarthy**

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

June 27, 2018

Mayor and City Council
City of Tukwila
Tukwila, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Tukwila, King County, Washington, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the

assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Tukwila, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements and schedules are

presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Our audit was conducted for the sole purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The Introductory and Statistical Sections presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated June 27, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the City's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in black ink, reading "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy

State Auditor

Olympia, WA



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2017

The management discussion and analysis section of the City of Tukwila's Comprehensive Annual Financial Report provides an overview of the City's financial activities for the year ended December 31, 2017. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the transmittal letter, and the basic financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

- As of December 31, 2017, the City of Tukwila's total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$307.0 million. Of this amount, \$28.8 million represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The City of Tukwila's total net position increased \$11.0 million, or 3.7%. Governmental activities increased \$6.3 million partially due to growth in property taxes to cover voted debt principal and interest. Business-type activities increased \$4.7 million due in part to rate increases in all three utility funds.
- At the close of the current fiscal year, the City of Tukwila's governmental funds reported combined fund balances of \$80.6 million, an increase of \$4.5 million (6.0%). Approximately 22.4% (\$18.0 million) of the fund balance is available for spending at the City's discretion (*unassigned fund balance*).

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the City of Tukwila's basic financial statements. The City's basic financial statements are presented in three parts:

- 1) Government-wide financial statements
- 2) Fund financial statements
- 3) Notes to the financial statements

This report also includes supplementary information intended to furnish additional detail to support the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements provide both long-term and short-term information about the City's overall financial status, in a manner similar to private-sector business.

The **Statement of Net Position** presents financial information on all the City's Tukwila's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Tukwila is improving or deteriorating.

The **Statement of Activities** presents information designed to show how the City's net position changed during the year. The statement distinguishes revenue generated by specific functions from revenue provided by taxes and other sources not related to a specific function. The revenue generated by the specific functions (charges for services, grants, and contributions) is compared to the expenses for those functions to show the degree to which each function supports itself or relies on taxes and other general funding sources for support. All activity on this statement is reported on the accrual basis of accounting, requiring that revenues are reported when they are earned and expenses are reported when they are incurred, regardless of when cash is received or disbursed. Items such

as (but not limited to) uncollected taxes, unpaid vendor invoices for goods or services received during the year, and earned but unused vacation leave are included in the statement of activities as revenue and expenses even though no cash has changed hands.

Both the government-wide financial statements distinguish functions of the City of Tukwila that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Tukwila include general government (finance, executive, legal, court, and human resources), public safety (police and fire), physical environment, economic environment, transportation, mental/physical health, and culture and recreation. The City's business-type activities include a water, sewer, and surface water utilities, and a municipal golf course. Governmental activities are primarily supported by taxes, charges for services, and grants. Business-type activities are primarily self-supporting through user fees and charges.

Fund Financial Statements

The annual financial report includes fund financial statements in addition to the government-wide financial statements. A fund is a fiscal and accounting entity with a self-balancing set of accounts used to account for specific activities or meet certain objectives. The City of Tukwila Funds are often set up in accordance with special regulations, restrictions or limitations. The City of Tukwila, like other state and local governments, uses fund accounting to ensure and show compliance with finance-related legal requirements. The City's funds are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. The governmental fund statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. The information in the governmental fund statements can be used to evaluate the City's near-term financing requirements and immediate fiscal health. Comparing the governmental fund statements with the government-wide statements can help the reader better understand the long-term impact of the City's current year financing decisions.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains fourteen individual governmental funds. Of these, four are considered major (the general fund, the arterial street fund, the local improvement district #33 fund, and the public safety plan fund) and are presented separately in the governmental funds' *Balance Sheet* and the governmental funds' *Statement of Revenues, Expenditures and Changes in Fund Balances*. The remaining governmental funds are combined into a single column labeled "Other Governmental Funds." Individual fund data for each of these non-major governmental funds is presented in the combining and individual fund statements and schedules section of this report.

The City maintains budgetary control over its operating funds through the adoption of a biennial budget. Budgets are adopted at the fund level according to state law. A budgetary comparison schedule is presented for the general fund in the Required Supplemental Information section of the report. Other budgetary comparison schedules are included following the other governmental funds' combining statements in this report.

Proprietary funds are used by governments to account for their business-type activities and use the same basis of accounting as utilized in private industry. Business-type activities provide specific goods or services to a group of customers that are paid for by fees charged to those customers. There is a direct relationship between the fees paid and the services rendered.

The City has two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to account for goods and services provided to citizens, while internal service funds are used to account for goods and services provided internally to various City departments. The same basis of accounting is used for proprietary funds in both the government-wide and individual fund statements.

Enterprise funds report the same functions presented as business-type activities in the government-wide statements, but in greater detail. The City's enterprise fund statements provide information on the City's three utilities (water, sanitary sewer, surface water) as well as the City-owned golf course.

Internal service funds are an essential accounting tool used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles, and its insurance premiums for active employees and LEOFF 1 retirees. Internal service fund activities are predominantly governmental and have been included in the governmental activities columns of the government-wide statements. Individual fund data for the internal service funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City of Tukwila's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains two different types of fiduciary funds. The Firemen's Pension Trust Fund is used to report resources held in trust for retirees and beneficiaries covered by the Firemen's Pension plan. The agency fund reports resources held by Tukwila in a custodial capacity for individuals, private organizations, and other governments.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including a budget and actual schedule for the City's general fund and schedules of progress in funding its obligation to provide pension and OPEB benefits to its former employees. Additional pension benefit information is found in Note 8.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions and OPEB.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City of Tukwila, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by nearly \$307.0 million at the close of the most recent fiscal year. Total net position increased by \$11.0 million (3.7%) when compared to 2016.

CITY OF TUKWILA'S NET POSITION

(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$120,303	\$112,308	\$21,385	\$20,741	\$141,688	\$133,049
Capital assets, net of accumulated depreciation	213,212	206,147	71,220	67,410	284,432	273,557
Total assets	333,515	318,455	92,605	88,151	426,120	406,606
Deferred Outflows of Resources	2,543	4,629	289	470	2,831	5,100
Long-term liabilities	77,965	73,776	6,220	6,943	84,186	80,719
Net pension liability	9,745	12,944	1,799	2,539	11,544	15,483
Net OPEB obligation	10,488	9,179	0	0	10,488	9,179
Other liabilities	8,887	8,149	1,735	993	10,622	9,142
Total liabilities	107,085	104,048	9,755	10,475	116,840	114,523
Deferred Inflows of Resources	4,798	1,117	358	98	5,155	1,216
Net position						
Net investment in capital assets	199,329	193,113	65,356	60,807	264,684	253,920
Restricted	13,480	8,996	-	-	13,480	8,996
Unrestricted	11,367	15,810	17,425	17,241	28,792	33,051
Total net position	\$224,175	\$217,919	\$82,781	\$78,048	\$306,956	\$295,967

By far, the largest portion of the City's net position (\$264.7 million or 86.2%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to citizens. Accordingly, these assets are not available for future spending. Although investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (\$13.5 million or 4.4%) represents resources that are subject to external restrictions on how they may be used. The business-type activities do not report any restrictions, so the entire \$13.5 million is restricted in governmental activities funds. The majority is related to land and park acquisition, and street improvements. The remaining net position balance (\$28.8 million, or 9.4%) is unrestricted and may be used to meet the City's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the City of Tukwila continued to report positive balances in all categories of net position. The City's overall net position increased \$11.0 million (3.7%) from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

CITY OF TUKWILA'S CHANGES IN NET POSITION

(in thousands)

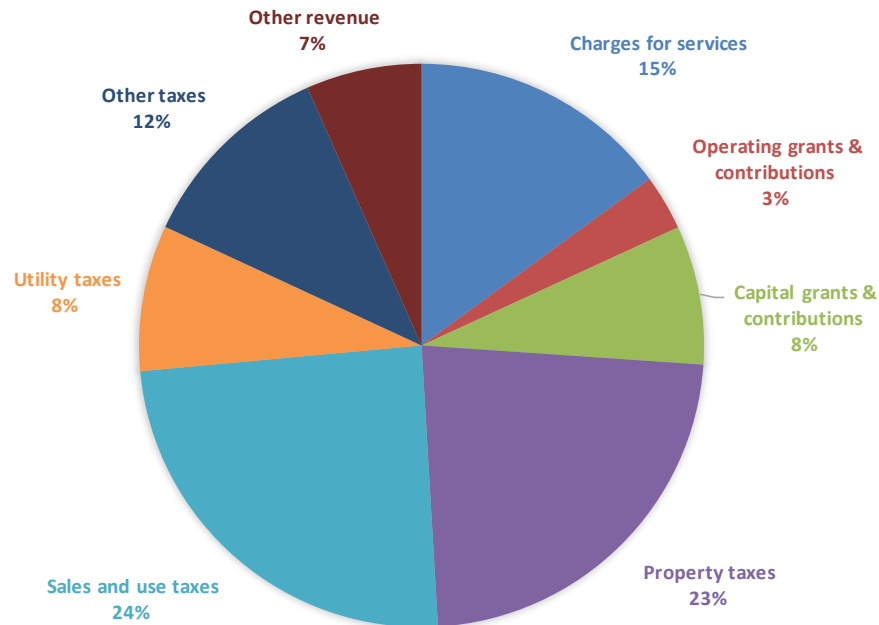
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues						
Charges for services	\$11,479	\$11,904	\$24,095	\$22,963	\$35,575	\$34,867
Operating grants and contributions	2,446	1,079	8	25	2,454	1,104
Capital grants and contributions	6,127	5,001	834	768	6,961	5,769
General revenues						
Property taxes	17,668	14,563	-	-	17,668	14,563
Sales and use taxes	18,807	18,908	-	-	18,807	18,908
Natural gas use tax	-	-	-	-	-	-
Hotel/Motel taxes	737	710	-	-	737	710
Utility taxes	4,175	4,046	-	-	4,175	4,046
Interfund utility taxes	2,266	2,147	-	-	2,266	2,147
Business taxes	2,698	2,716	-	-	2,698	2,716
Excise taxes	5,381	6,509	-	-	5,381	6,509
Investment earnings	839	560	-	-	839	560
Miscellaneous	2,329	2,916	-	-	2,329	2,916
Total revenues	74,951	71,058	24,938	23,756	99,889	94,813
Expenses:						
General government	9,835	9,662	-	-	9,835	9,662
Public safety	31,190	31,419	-	-	31,190	31,419
Transportation	12,237	11,188	-	-	12,237	11,188
Physical environment	2,545	2,554	-	-	2,545	2,554
Culture and recreation	5,582	5,431	-	-	5,582	5,431
Economic environment	4,524	4,411	-	-	4,524	4,411
Interest on long-term debt	2,482	1,076	-	-	2,482	1,076
Water/sewer	-	-	14,305	13,984	14,305	13,984
Foster golf course	-	-	1,990	2,078	1,990	2,078
Surface water	-	-	4,209	4,088	4,209	4,088
Total expenses	68,395	65,741	20,505	20,150	88,899	85,892
Increase (decrease) in net position before transfers	6,556	5,316	4,434	3,605	10,990	8,922
Transfers	(300)	(300)	300	300	0	-
Change in net position	6,256	5,016	4,734	3,905	10,990	8,922
Net position-beginning of period	217,919	212,903	78,048	74,142	295,967	287,045
Net position-end of period	\$224,175	\$217,919	\$82,781	\$78,047	\$306,956	\$295,967

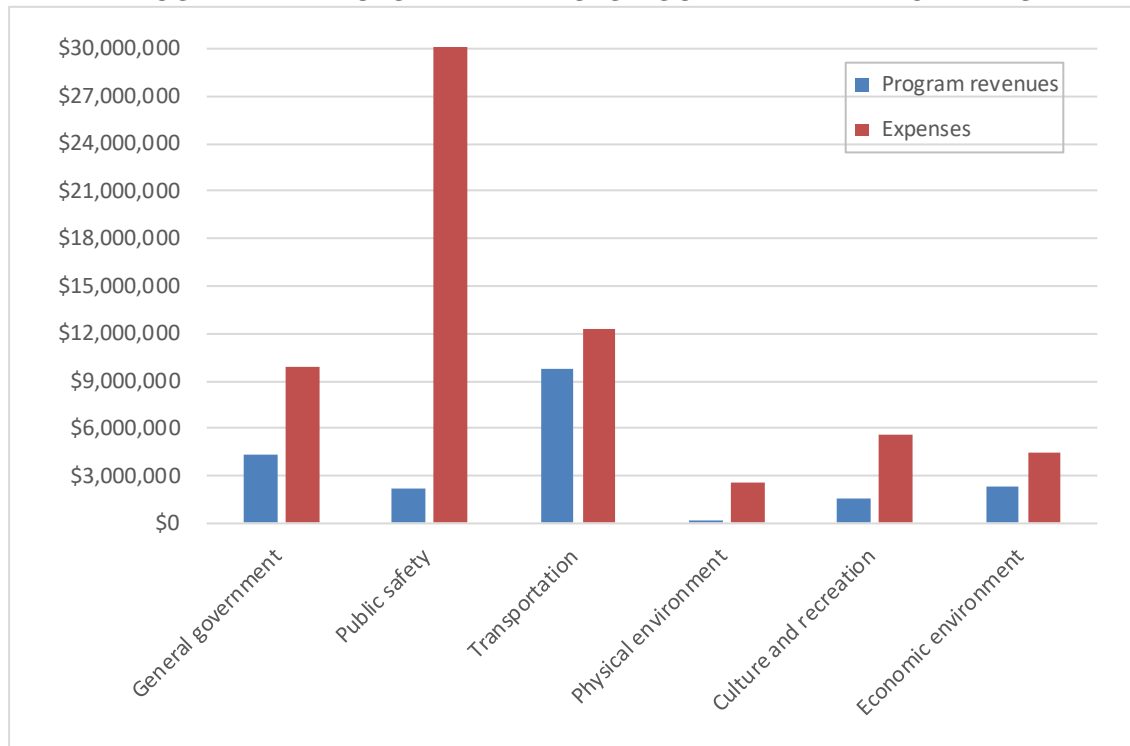
Governmental Activities

During the current fiscal year, net position for governmental activities increased \$6.3 million (2.9%) from the prior fiscal year for an ending balance of \$224.2 million. The primary reasons for this increase are:

- Property taxes increased \$3.1 million (21.3%) from the prior year. In 2016, voters approved an excess property tax levy to be used for public safety purposes. This was the first year the City received the proceeds from that levy.
- Grant revenues can fluctuate greatly from year to year, depending on several factors including duration of capital projects, and purpose of the grants. In 2017, the City received 41.0% more governmental grant revenue than 2016. Capital grants and contributions increased \$1.1 million (22.5%), and operating grants increased \$1.4 million (126.7%). The Arterial Street Fund was the recipient of \$6.5 million of the total \$8.6 million in grant revenue in 2017.

REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES

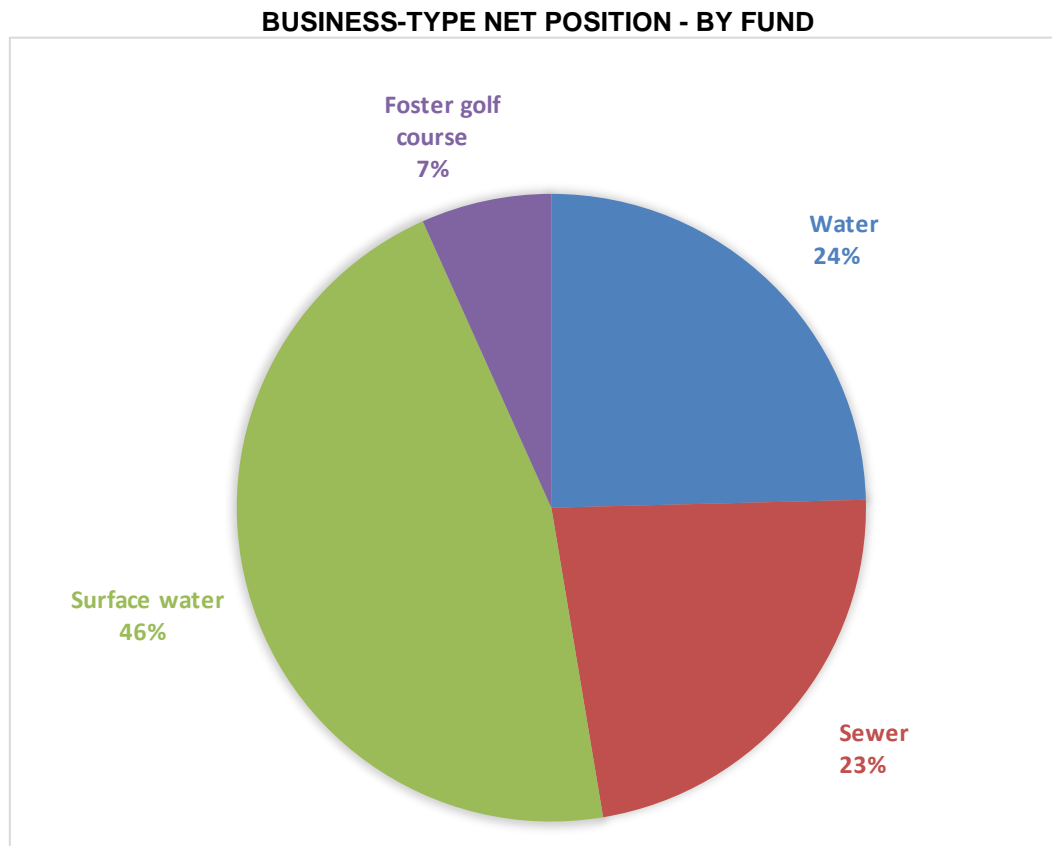


PROGRAM REVENUES AND EXPENSES – GOVERNMENTAL ACTIVITIES**Business-Type Activities**

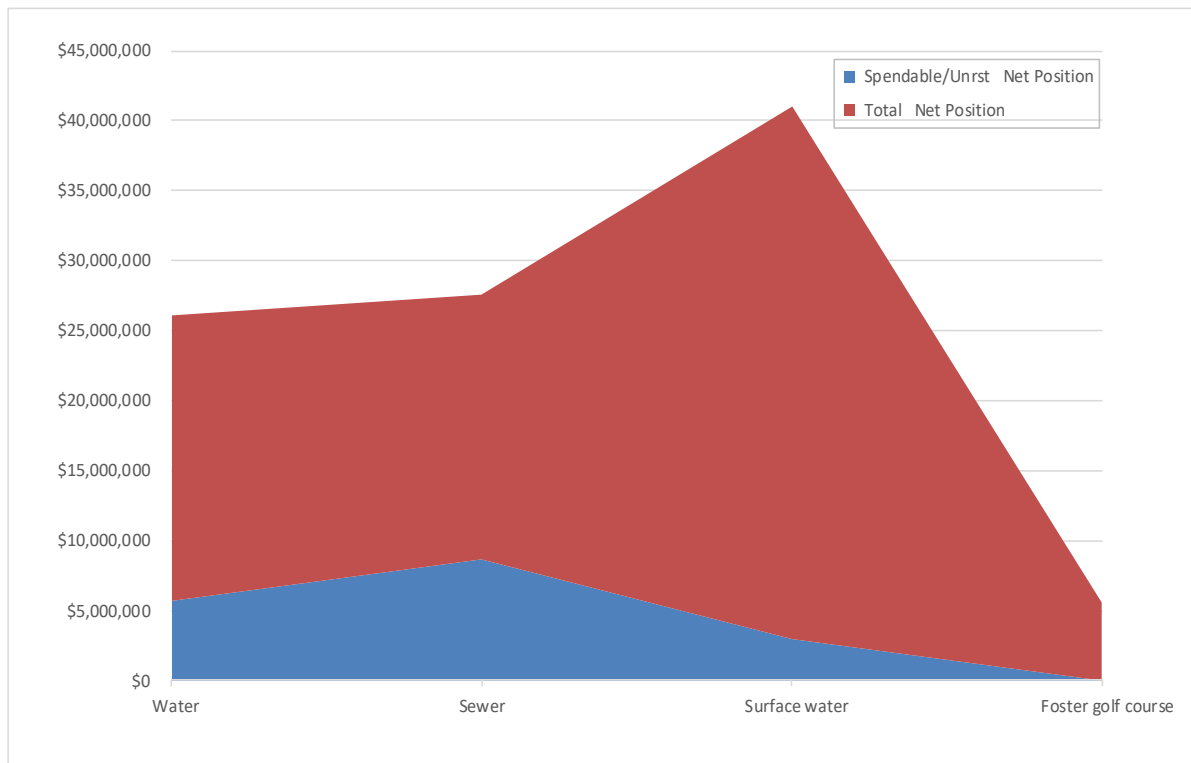
For the City of Tukwila's business-type activities, the results for the current fiscal year were positive in that overall net position increased by \$4.7 million (6.1%) to reach an ending balance of \$82.8 million. The overall growth is attributable to the following factors:

- In the Water Utility, total net position increased by \$0.5 million (2.5%). This resulted from a 5.0% commercial rate increase effective January 1, 2017.
- In the Sewer Utility, total net position increased \$2.3 million (14.0%) primarily due to a 5.0% rate increase effective January 1, 2017, combined with a 10.3% reduction in operating and maintenance expenses.
- In the Surface Water Utility, operating revenues increased \$0.3 million (5.1%) due to a 5.0% rate increase.
- Operating income in the enterprise funds was \$3.5 million, an increase of 25.8% from the prior year, mostly due to rate increases.
- Of the \$82.8 million total net position, \$17.4 million (21.0%) is unrestricted and each utility can utilize their portion for any purpose. This operating balance is necessary for future planned infrastructure replacements and repairs.

The following chart shows the relative net position balances for each business-type fund:

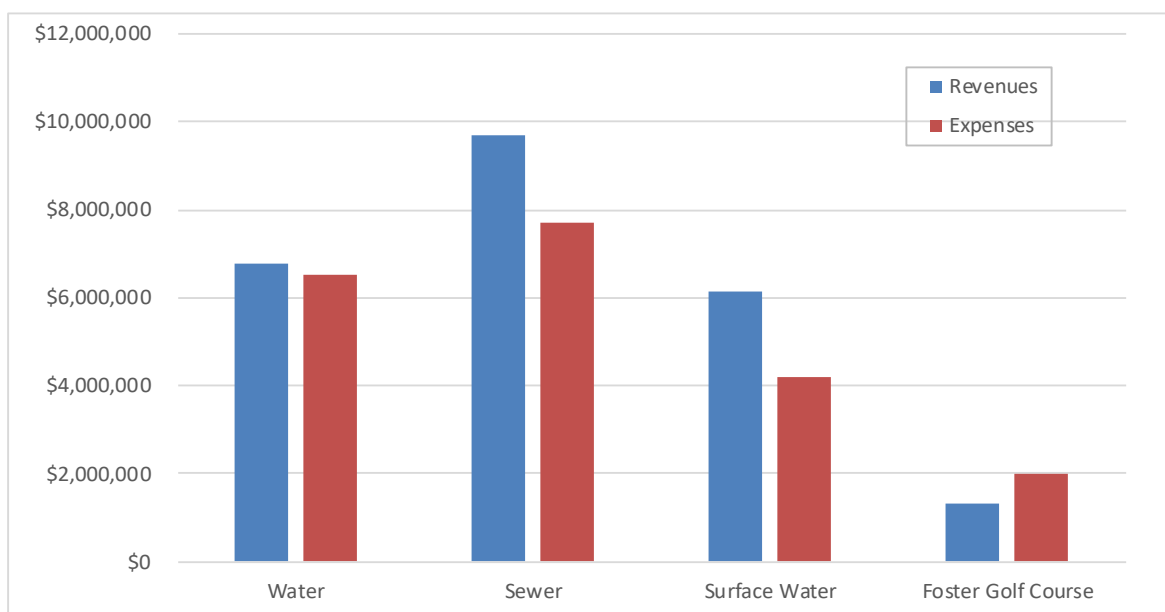


The majority of net position in the City's enterprise funds relate to capital asset infrastructure, such as water and sewer mains, and the golf course land. As such, most of the net position is not available to support the ongoing expenses of the funds. The following chart contrasts the total net position to the spendable portion of net position for each enterprise fund:

COMPARISON OF TOTAL NET POSITION TO SPENDABLE NET POSITION -BUSINESS-TYPE FUNDS

The following chart depicts the revenues and expenses for business-type funds:

**BUSINESS-TYPE ACTIVITY REVENUES & EXPENSES
(before Capital Contributions & Transfers)**



FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The purpose of the City's governmental funds is to report on near-term inflows, outflows, and balances of spendable resources. This information helps determine the City's financial requirements in the near future. Specifically, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City of Tukwila itself, or a group or individual that has been delegated authority to assign resources for use for a particular purpose.

As of December 31, 2017, the City's governmental funds had combined fund balances of \$80.6 million, an increase of \$4.5 million (6.0%). The increase is primarily due to the issuance of \$8.2 million in bonds in the Residential Street Fund.

The change in fund balance for governmental funds compared to 2016 is as follows:

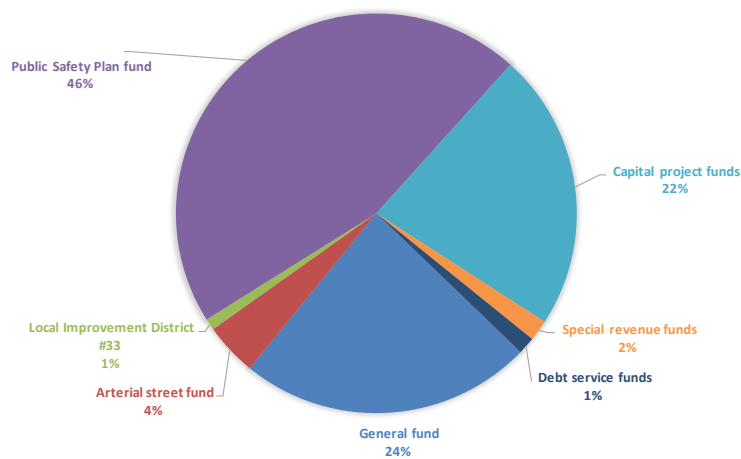
- General Fund \$ 40,981
- Arterial Street Fund (562,939)
- Local Improvement District #33 (146,379)
- Public Safety Plan 211,793
- Other Governmental Funds 4,996,074

The general fund is the primary operating fund of the City. All receipts and payments of ordinary City operations are processed through this fund unless they are required to be accounted for in another. At the end of 2017, the general fund had a fund balance of nearly \$19.1 million, with \$18.0 million (94.5%) of the balance classified as unassigned and available to meet the City's general obligations. Unassigned fund balance increased from \$11.6 million in 2016 due to the reclassification of over \$6.0 million in contingency fund balance which was reported as assigned last year.

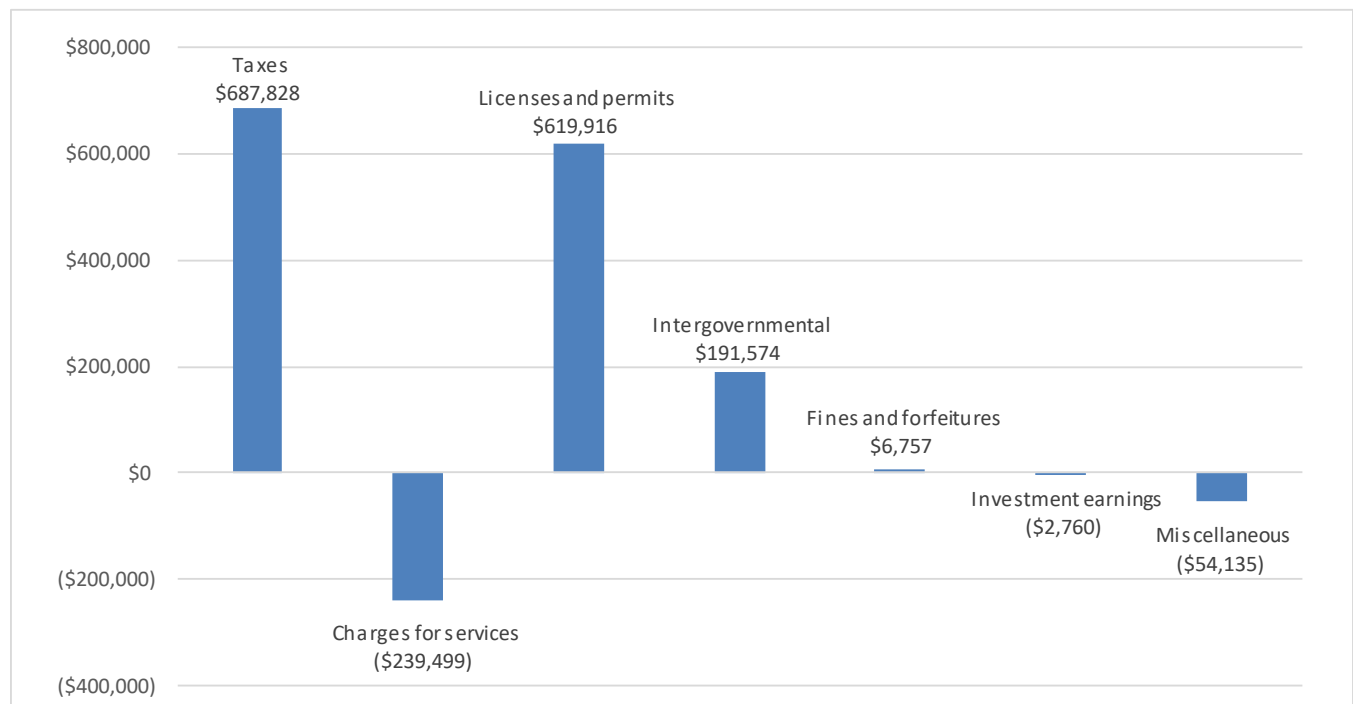
The arterial street fund decrease in fund balance is related to the planned use of reserves for capital projects. In 2017, a total of \$9.5 million was spent on capital outlay.

The fund balance in the local improvement district #33 fund decreased by the difference between the special assessment revenue received and the payment on the LID bonds issued.

The following chart shows the relative fund balances for governmental funds:

GOVERNMENTAL FUNDS – FUND BALANCES

The general fund revenue increase of \$1.2 million is combined from the following sources:

GENERAL FUND REVENUE INCREASES/DECREASES – BY SOURCE

FINANCIAL ANALYSIS OF PROPRIETARY FUNDS

The City's proprietary funds provide the same type of information as found in the government-wide financial statements, but in greater detail. Factors affecting the finances of the City's proprietary funds have already been addressed in the discussion of the City's business-type activities.

Unrestricted net position in business-type activities ended 2017 at \$17.4 million, an increase of almost \$200 thousand (1.1%) from 2016.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City budgets biennially by adopting a budget at the end of the preceding biennium, and then making adjustments as necessary via budget amendments throughout the next two years. Following is a summary of significant budget amendments that occurred in 2017:

- Additional grant revenue and expenditures of approximately \$86,000 were appropriated for a temporary FTE in the Police Records Unit.
- Increased funding for the Fire Department to cover:
 - Two pipeline positions totaling \$240,000
 - Firefighter deployment to assist with hurricane recovery efforts - \$125,000 (100% reimbursed)
 - Increased costs for providing Emergency Medical Services - \$35,000 (100% reimbursed)
- Reduction of \$120,000 in Finance expenditures due to lower Risk Management costs
- Reduction of \$120,000 in Community Development from vacancies
- Adjustments in transfers from the General Fund to other funds, including:
 - \$210,000 transfer to Fund 306 to pay project costs related to the City's Public Works Shops until bonds are issued in 2018.
 - \$138,515 increase in transfer to the Contingency Fund in line with policy requirements.

Reasons for the significant variances in the general fund between the final budget and actual results include:

- Sales tax revenue was \$1.2 million lower than budget. This continues a slight decline that started in 2015 and resulted in sales tax collections 1% lower than 2016.
- Building permit revenue was (38%) over budget. This was due to a \$28.5 million increase in the value of permits issued.
- A \$1.5 million transfer in from the Facilities/Urban Renewal fund was budgeted but did not occur because an anticipated land sale did not happen in 2017 as funds were not needed.
- Expenditures were below budget by \$2.7 million, or 4.5%. Specific examples include:
 - \$641K in salary savings, plus associated benefit savings, with Police accounting for almost half of the budget savings
 - \$119K in overtime savings, nearly all from the Fire Department
 - \$196K in claims and judgements in the Finance Department
 - \$252K in rents and leases

CAPITAL ASSETS

The City's investment in capital assets for both its governmental and business-type activities as of December 31, 2017 totaled \$ 284.4 million (net of accumulated depreciation), an increase of \$10.9 million (4.0%) from 2016. This investment in capital assets includes land, buildings, improvements, machinery and equipment, construction in progress, utility transmission/distribution systems, roads, bridges, and infrastructure.

CITY OF TUKWILA'S CAPITAL ASSETS (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 36,172,319	35,498,580	\$ 2,396,230	2,346,230	\$ 38,568,549	37,844,810
Buildings	11,115,434	11,834,146	7,935,440	8,307,234	19,050,874	20,141,380
Other Improvements	9,835,029	10,528,019	58,046,974	54,158,840	67,882,003	64,686,859
Machinery and Equipment	7,264,337	7,111,094	378,464	386,113	7,642,801	7,497,207
Infrastructure	139,281,317	131,110,688	-	-	139,281,317	131,110,688
Construction in Progress	9,543,935	10,064,699	2,462,779	2,211,229	12,006,714	12,275,927
Total	\$213,212,371	206,147,226	\$ 71,219,887	67,409,646	\$284,432,258	273,556,872

More detailed information on capital assets is provided in Note 6 to the financial statements.

General capital outlay purchases added \$197,322 in machinery and equipment and included various technology purchases in the amount of \$86,037 Parks & Recreational equipment for \$24,683, Police and Fire equipment totaling \$57,032 and Street Division speed alert radar devices in the amount of \$22,679.

Many of the projects in the Arterial Street Fund continue to be in the construction phase adding \$9.5 million in construction-in-progress for the period. The major arterial street fund activities are comprised of the following:

- TUC Pedestrian/Bicycle Bridge, \$4.5 million
- S 144th St Phase II (42nd Ave S – TIB), \$1.8 million
- Interurban Ave S, \$0.97 million
- Baker Blvd Non-Motorized Improvements, \$0.78 million
- Beacon Ave S Bridge Improvements, \$0.73 million
- Various other Arterial Street Fund projects total \$0.78 million

Major construction projects completed in 2017 added \$15.1 million to capitalized infrastructure for the Arterial Street Fund which included the TUC Pedestrian/Bicycle Bridge with total overall previous and current years' construction-in-progress costs totaling \$9.2 million; S 144th St Phase II (42nd Ave S – TIB) with costs of \$2.3 million; and, Baker Blvd Non-Motorized Improvements at \$0.78 million.

Ongoing Residential Street Fund construction projects added \$3.5 million to construction-in-progress and include the following:

- 42nd Ave S – Phase III, \$1.9 million
- Cascade View Safe Routes to School, \$1.3 million
- 53rd Ave S, \$0.25 million

Projects completed in 2017 for the Residential Street Fund include Cascade View Safe Routes to School with total overall previous and current years' construction-in-progress costs of \$1.5 million.

Land Acquisition, Recreation & Park Development activities consist of \$187k for the Cascade View Park Playground and Dog Parks work in progress projects. Both projects were completed in 2017 with total overall current year construction costs of \$146k and \$32k and capitalized into parks improvement infrastructure.

Other governmental funds' activity in the areas of facilities improvements provided an additional \$77k to construction-in-progress work for the year.

The new Public Safety Plan Funds for the Fire Stations, Justice Center and Public Works Shops had work in progress activity totaling \$1.3 million.

Business-type activities consisted of \$5.9 million in added construction in progress work for the year. Major projects in the utility funds comprise of the following:

- 40th – 42nd Ave S, \$1,263,382
- Andover Park East Waterline, \$3,280,517
- 2017 Small Drainage, \$588,276

A total of \$794,461 in other utility construction projects were added to construction-in-progress during the current period.

Major construction projects completed in 2017 include Andover Park East Waterline and 2017 Small Drainage projects with total overall previous and current years' construction-in-progress costs of \$4.5 million and \$0.7 million, respectively, which have both been capitalized into utilities infrastructure.

LONG-TERM DEBT

At the end of the current fiscal year, the City had total bonded debt outstanding of \$63.6 million, excluding the premium on bonds issued. Of this amount, \$59.2 million is general obligation bonds which is backed by the full faith and credit of the City, \$1.5 million is revenue bonds for the water/sewer and surface water utilities, \$4.4 million in public works trust fund loans, and the remaining \$4.8 million is special assessment bonds which were issued to improve access to the City's urban center.

The City issued \$8.5 million (including premium) in general obligation debt in 2017 to finance two transportation projects in the Residential Street Fund. This new debt issuance, combined with redeemed debt, resulted in an overall general obligation bond increase of \$5.1 million.

The City currently maintains a rating of "AA" with Standard and Poor's and Fitch's Investor Service, and "Aa3" with Moody's for its general obligation debt.

The following schedule summarizes the City's long-term debt:

CITY OF TUKWILA'S LONG-TERM DEBT

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 59,214,505	\$ 54,114,977	\$ -	\$ -	\$ 59,214,505	\$ 54,114,977
Revenue bonds	-	-	1,454,422	1,597,704	1,454,422	1,597,704
Premium on bonds issued	4,447,881	4,380,732	-	-	4,447,881	4,380,732
Special assessment bonds	4,805,000	5,412,500	-	-	4,805,000	5,412,500
Public Works Trust Fund Loans	-	-	4,447,523	5,046,991	4,447,523	5,046,991
Due to other governments	5,914,400	6,093,556	-	-	5,914,400	6,093,556
	<u>\$ 74,381,786</u>	<u>\$ 70,001,765</u>	<u>\$ 5,901,945</u>	<u>\$ 6,644,695</u>	<u>\$ 80,283,731</u>	<u>\$ 76,646,460</u>

More detailed information on long-term debt, including debt limitations, is provided in Note 10 to the financial statements.

ECONOMIC FACTORS AND THE UPCOMING BIENNIAL BUDGET

The following economic factors currently affect the City of Tukwila and will be considered in developing the 2019-2020 biennial budget:

- The City's 2017 assessed value of \$6.2 billion is 7.3% higher than 2017 and its growth reflects positively on the local economy.
- Sales Tax is the City's largest revenue source and was conservatively estimated to increase 7.5% in 2017 and an additional 2.9% in 2018. However, actual 2017 sales tax came in \$1.2 million (6%) under budget, so this revenue source is being closely monitored to see if there is a trend developing.
- A significant focus of the 2019-2020 biennium will be the Public Safety Plan. The voters approved construction of a new Justice Center, 3 new fire stations, and fire equipment/apparatus purchases as part of a \$77 million bond issued in 2016. The design phase of the projects are moving forward, and significant financial shortfalls have been identified. The City is currently working to identify options for filling the funding gap including potential new revenue sources, reductions to programs, and additional borrowing.
- Rate increases of 5% annually are scheduled in the Water utility from 2017-2022 to cover the cost of purchasing water from the Cascade Water Alliance and maintain the utility's infrastructure. An additional increase of 3.5% in sewer rates is scheduled for 2018.
- National Pollutant Discharge Elimination system (NPDES) permit requirements have significant costs for the surface water fund, which will result in a 5% rate increase in 2019 and 3% in 2020 for that utility.

The City's reserve policy specifies that the General Fund ending fund balance shall equal or exceed 18% of the previous year's operating revenues. The policy also requires that a 10% minimum fund balance be maintained for the Contingency Fund. The biennial budget complies with both these requirements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Tukwila's finances for readers with an interest in the City's finances. Questions concerning this report, or requests for additional information, may be addressed to the Finance Director, City of Tukwila, 6200 Southcenter Blvd, Tukwila, WA 98188-2544.



CITY OF TUKWILA, WASHINGTON
STATEMENT OF NET POSITION
DECEMBER 31, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 25,846,613	\$ 12,391,603	\$ 38,238,215
Investments	10,059,606	6,446,801	16,506,406
Taxes receivable	6,209,050	847	6,209,897
Other receivables	1,768,835	2,163,043	3,931,878
Due from other governmental units	1,640,733	8,435	1,649,167
Inventory of materials and supplies	18,761	53,879	72,641
Restricted cash and cash equivalents	34,200,272	86,445	34,286,717
Restricted investments	10,553,628	-	10,553,628
Notes receivable	7,171,448	233,890	7,405,338
Real property held for resale	5,293,000	-	5,293,000
Investment in joint ventures	9,311,805	-	9,311,805
Non-depreciable capital assets	45,716,254	4,859,009	50,575,263
Depreciable capital assets (net of accumulated depreciation)	167,496,117	66,360,878	233,856,995
Net Pension asset	8,229,168	-	8,229,168
Total Assets	333,515,288	92,604,829	426,120,118
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss on refunding	257,647	37,836	295,484
Deferred outflows related to pensions	2,284,942	250,796	2,535,738
Total Deferred Outflows Of Resources	2,542,589	288,632	2,831,222
LIABILITIES:			
Accounts payable	4,084,878	1,428,463	5,513,341
Accrued wages and benefits payable	1,840,214	169,709	2,009,923
Accrued interest payable	456,114	15,765	471,879
Unearned revenue	86,974	16,130	103,104
Other liabilities	2,418,496	105,354	2,523,850
Bonds and other debt payable			
Due within one year	4,276,996	750,669	5,027,665
Due in more than one year	73,688,295	5,469,673	79,157,968
Net pension liability	9,745,053	1,799,011	11,544,064
Net other post employment obligation	10,487,883	-	10,487,883
Total Liabilities	107,084,903	9,754,773	116,839,677
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	3,927,242	357,509	4,284,751
Business taxes received in advance	870,425	-	870,425
Total Deferred Inflows Of Resources	4,797,667	357,509	5,155,176
NET POSITION:			
Net investment in capital assets	199,328,694	65,355,778	264,684,471
Restricted for:			
Debt service	5,799,275	-	5,799,275
Tourism promotion	1,139,775	-	1,139,775
Arterial street improvements	146,762	-	146,762
Drug investigation and enforcement	227,244	-	227,244
Land and park acquisition, development	3,856,032	-	3,856,032
Fire improvements	7,210	-	7,210
Public safety facilities	2,303,769	-	2,303,769
Unrestricted net position	11,366,545	17,425,401	28,791,946
Total Net Position	\$ 224,175,307	\$ 82,781,179	\$ 306,956,486

The notes to the financial statements are an integral part of this statement.

CITY OF TUKWILA, WASHINGTON
STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2017

	--Expenses--	----- Program revenues -----			-Net (Expense) Revenue and Changes in Net Position-		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS / PROGRAMS:							
PRIMARY GOVERNMENT							
Governmental activities							
General Government	\$ 9,835,290	\$ 4,144,986	\$ 127,967	\$ -	\$ (5,562,337)	\$ -	\$ (5,562,336)
Public safety	31,190,347	1,540,863	607,851	-	(29,041,633)	-	(29,041,633)
Transportation	12,236,551	2,206,908	1,597,857	5,894,908	(2,536,878)	-	(2,536,878)
Physical environment	2,545,144	-	-	13,436	(2,531,708)	-	(2,531,708)
Culture and recreation	5,582,038	1,315,740	37,015	218,536	(4,010,746)	-	(4,010,746)
Economic environment	4,523,596	2,270,759	75,308	-	(2,177,529)	-	(2,177,529)
Interest on long-term debt	2,481,559	-	-	-	(2,481,559)	-	(2,481,559)
Total Governmental Activities	68,394,526	11,479,258	2,445,998	6,126,880	(48,342,390)	-	(48,342,389)
BUSINESS-TYPE ACTIVITIES:							
Water	6,553,626	6,841,271	-	216,339	-	503,984	503,984
Sewer	7,751,799	9,739,694	-	327,675	-	2,315,570	2,315,570
Surface water	4,209,325	6,200,589	8,435	290,379	-	2,290,077	2,290,077
Foster golf course	1,989,972	1,313,871	-	-	-	(676,101)	(676,101)
Total Business-Type Activities	20,504,722	24,095,424	8,435	834,392	-	4,433,529	4,433,529
Total Primary Government	\$ 88,899,247	\$ 35,574,682	\$ 2,454,433	\$ 6,961,272	\$ (48,342,390)	\$ 4,433,529	\$ (43,908,860)
General Revenues:							
Taxes							
Property taxes				\$ 17,667,590	\$ -	\$ 17,667,590	
Retail sales and use taxes				18,807,201	-	18,807,201	
Hotel/motel taxes				736,784	-	736,784	
Utility taxes				4,175,013	-	4,175,013	
Interfund utility taxes				2,265,747	-	2,265,747	
Business taxes				2,698,352	-	2,698,352	
Excise Taxes				5,380,662	-	5,380,662	
Unrestricted investment earning				838,630	-	838,630	
Miscellaneous				2,328,565	-	2,328,565	
Total General Revenues				54,898,542	-	54,898,542	
Excess of revenues over expenses before transfers				6,556,152	4,433,529	10,989,682	
Transfers				(300,000)	300,000	(0)	
Change in net position				6,256,152	4,733,529	10,989,682	
Net position - beginning				217,919,155	78,047,650	295,966,805	
Net position-ending				\$224,175,307	\$ 82,781,179	\$ 306,956,486	

The notes to the financial statements are an integral part of this statement.

CITY OF TUKWILA, WASHINGTON
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	General Fund	Arterial Street	Local Improvement District #33	Public Safety Plan	Other Governmental Funds	Total Governmental Funds
ASSETS:						
Cash and cash equivalents	\$ 9,486,158	\$ 349,039	\$ 752,342	\$ 484,286	\$ 9,560,303	\$ 20,632,129
Investments	6,322,974	-	-	-	531,560	6,854,534
Taxes receivable	5,794,797	143,659	-	-	270,594	6,209,050
Other receivables	476,965	1,140,105	-	64,060	15,481	1,696,611
Due from other governmental units	308,537	1,158,263	-	-	173,933	1,640,733
Restricted assets:						
Cash and cash equivalents	8,406	2,270,778	-	25,903,447	6,017,641	34,200,272
Investments	-	-	-	10,553,628	-	10,553,628
Special assessment receivable	-	-	4,315,171	-	-	4,315,171
Notes receivable	927,373	378,882	-	1,250,000	300,022	2,856,277
Real property held for resale	-	-	-	-	5,293,000	5,293,000
Total Assets	\$ 23,325,210	\$ 5,440,726	\$ 5,067,514	\$38,255,421	\$ 22,162,534	\$ 94,251,405
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES:						
Liabilities:						
Accounts payable	1,007,908	1,499,428	-	280,501	1,081,735	3,869,573
Accrued wages & benefits	1,779,550	23,268	-	-	11,490	1,814,308
Unearned revenue	86,974	-	-	-	-	86,974
Other liabilities	178,270	85,857	-	-	126,119	390,246
Total Liabilities	3,052,702	1,608,553	-	280,501	1,219,345	6,161,101
Deferred inflow of resources						
Unavailable revenue-special assessment	-	-	4,315,171	-	-	4,315,171
Business taxes received in advance	870,425	-	-	-	-	870,425
Unavailable revenue-property tax, other	329,358	-	-	-	24,370	353,728
Unavailable revenue-developer agreement	-	395,737	-	1,250,000	313,368	1,959,104
Total Deferred Inflow Of Resources	1,199,783	395,737	4,315,171	1,250,000	337,738	7,498,428
Fund balance:						
Nonspendable	927,373	-	-	-	-	927,373
Restricted:						
Hotel/motel tax	-	-	-	-	1,139,775	1,139,775
Residential street improvements	-	-	-	-	5,794,233	5,794,233
Arterial street capital improvements	-	2,270,778	-	-	-	2,270,778
Drug investigation and enforcement	-	-	-	-	227,244	227,244
Park and land acquisition/development	-	-	-	-	3,856,032	3,856,032
Public safety facilities	-	-	-	36,457,066	-	36,457,066
Fire improvements	-	-	-	-	7,210	7,210
Debt service guaranty fund	-	-	-	-	668,849	668,849
Debt service public safety plan	-	-	-	-	62,913	62,913
Local Improvement District	-	-	752,342	-	-	752,342
Assigned:						
Residential street improvements	-	-	-	-	382,185	382,185
Arterial street improvements	-	1,165,659	-	-	-	1,165,659
Drug Seizure	-	-	-	-	72	72
Land & park acquisition	-	-	-	-	47,724	47,724
Facilities & urban renewal	-	-	-	-	7,498,169	7,498,169
General government improvements	-	-	-	-	368,801	368,801
Public safety facilities	-	-	-	267,854	-	267,854
1% Arts	-	-	-	-	164,000	164,000
Technology	105,000	-	-	-	-	105,000
Debt service	-	-	-	-	388,245	388,245
Unassigned	18,040,352	-	-	-	-	18,040,352
Total Fund Balance	19,072,725	3,436,437	752,342	36,724,920	20,605,452	80,591,877
Total Liabilities, Deferred Inflows And Fund Balances	\$ 23,325,210	\$ 5,440,726	\$ 5,067,514	\$38,255,421	\$ 22,162,535	\$ 94,251,406

The notes to the financial statements are an integral part of this statement.

CITY OF TUKWILA, WASHINGTON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
 DECEMBER 31, 2017

	Total Governmental Funds
Total governmental fund balances as reported on this statement	\$ 80,591,877
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	
Non-depreciable assets	45,716,254
Depreciable assets (net)	162,371,313
Internal service fund assets	<u>5,124,804</u> 213,212,371
The net pension asset is not an available resource and, therefore, is not reported in the funds.	8,229,168
Deferred outflow of pension costs	2,284,942
Deferred inflow of pension contributions	<u>(3,927,242)</u> (1,642,300)
The City has an equity interest in two joint ventures. This equity interest for the provision of governmental services is not a current financial resource and therefore is not reported in the funds.	9,311,805
Revenue that was not collected within the recognition period and therefore was not available to pay current liabilities:	
Unavailable revenue reported for property tax and other receivables	353,728
Unavailable revenue reported for developer agreement	1,959,104
Unavailable revenue reported for special assessment	<u>4,315,171</u> 6,628,003
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Long term liabilities due within one year	(4,276,996)
Long term liabilities due in more than one year	(83,153,922)
Unfunded other post employment benefits	(10,487,883)
Accrued interest payable	(456,114)
Deferred outflow on refunding	<u>257,647</u> (98,117,267)
Internal service fund net position exclusive of capital assets, deferred outflow of pension costs and deferred inflow of pension contributions which are included with other reconciling items above	
Internal service funds are used by management to charge the cost of certain activities, such as health insurance and fleet maintenance, to individual funds. The assets and liabilities of these internal service funds are included in governmental activities in the statement of net position.	5,961,651
Net Position Of Government Activities As Reported On The Statement Of Net Position	\$ 224,175,306

The notes to the financial statements are an integral part of this statement.

CITY OF TUKWILA, WASHINGTON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017

	General Fund	Arterial Street	Local Improvement District #33	Public Safety Plan	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes	\$ 46,574,589	\$ 912,333	\$ -	\$ -	\$ 4,168,153	\$ 51,655,075
Licenses and permits	2,749,137	-	-	-	-	2,749,137
Intergovernmental	4,690,257	6,686,896	-	-	1,362,621	12,739,774
Charges for services	3,046,606	1,725,249	-	500,000	495,373	5,767,228
Fines and forfeitures	325,216	-	-	-	-	325,216
Investment earnings	230,784	16,910	240,710	258,283	80,176	826,864
Special assessments	-	-	478,838	-	-	478,838
Miscellaneous	160,309	701,034	1,511	-	79,930	942,784
Total Revenues	57,776,899	10,042,421	721,059	758,283	6,186,253	75,484,915
EXPENDITURES:						
Current:						
General government	9,358,235	-	-	-	227,316	9,585,551
Economic environment	4,098,765	-	-	-	515,262	4,614,027
Physical environment	1,733,400	-	-	-	-	1,733,400
Public safety	29,968,635	-	-	564,521	366,256	30,899,412
Culture and recreation	4,395,696	-	-	-	268,433	4,664,129
Transportation	3,026,013	2,860,118	-	-	646,064	6,532,195
Debt service:						
Principal	-	-	607,500	-	3,106,428	3,713,928
Interest	-	-	259,939	-	2,343,930	2,603,869
Capital outlay	117,679	9,545,242	-	998,969	4,099,825	14,761,715
Total Expenditures	52,698,423	12,405,360	867,439	1,563,490	11,573,514	79,108,226
Excess (deficiency) of revenues Over (Under) Expenditures	5,078,476	(2,362,939)	(146,379)	(805,207)	(5,387,261)	(3,623,311)
OTHER FINANCING SOURCES (USES):						
Transfers in	300,000	1,800,000	-	1,017,000	3,237,496	6,354,496
Transfer out	(5,337,496)	-	-	-	(1,317,000)	(6,654,496)
General obligation bonds issued	-	-	-	-	10,456,000	10,456,000
Bond premium	-	-	-	-	356,839	356,839
Payment of refunded debt	-	-	-	-	(2,250,000)	(2,250,000)
Gain/(loss) on sale of assets held for res	1	-	-	-	(100,000)	(99,999)
Total Other Financing Sources And Uses	(5,037,495)	1,800,000	-	1,017,000	10,383,335	8,162,840
Net change in fund balances	40,981	(562,939)	(146,379)	211,793	4,996,074	4,539,529
Fund balance - beginning	19,031,744	3,999,376	898,722	36,513,127	15,609,378	76,052,348
Fund Balance - Ending	\$ 19,072,725	\$ 3,436,437	\$ 752,342	\$ 36,724,920	\$ 20,605,452	\$ 80,591,877

The notes to the financial statements are an integral part of this statement.

CITY OF TUKWILA, WASHINGTON
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES**
 FOR THE YEAR ENDED DECEMBER 31, 2017

Net change in fund balances per the Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 4,539,529

Amount reported as change in net position in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:

Capital Outlay	14,761,715	
Adjustments to construction in progress	-	
Donated capital assets	69,901	
Capital asset disposal	(3,325)	
Depreciation Expense (excludes internal service fund depreciation which is reflected in internal service fund change in net position listed below)	<u>(8,179,837)</u>	
Excess of Capital Outlay Over Depreciation Expense		6,648,454

The net effect of various transactions involving the City's pension plans are:

Reduction in pension liability and expense	1,565,517	
Increase in pension contribution revenue	515,721	
Reduction in the Fireman's Pension liability and expense	<u>134,176</u>	2,215,414

The City has equity interests in two joint ventures. The equity interests for the provision of governmental services are not current financial resources and therefore are not reported in the funds. 123,010

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts consist of:

Bond principal retirement	5,963,928	
Amortization expense	<u>289,690</u>	6,253,617

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

General Obligation Bonds issued	(356,839)
General Obligation Bonds issued	(10,276,800)

Internal service funds are used by management to charge the costs of certain activities to individual funds.

The change in net position of internal service funds is reported with governmental activities. (408,767)

Because some revenues will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues in the government funds. Changes this year are for:

Miscellaneous receivables	59,495	
Developer agreements	(852,667)	
Property taxes	76,273	
Special assessment	<u>(478,838)</u>	(1,195,736)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

These activities consist of:

Increase in accrued interest	(100,767)	
Amortization of deferred outflow on bond refunding	(66,613)	
Increase in compensated absences	190,696	
Increase in unfunded other post employment benefits	<u>(1,309,047)</u>	
Total additional expense (increase) decrease		(1,285,731)

Change In Net Position On The Statement Of Activities \$ 6,256,152

The notes to the financial statements are an integral part of this statement.

CITY OF TUKWILA, WASHINGTON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017

	Water Utility	Sewer Utility	Foster Golf Course	Surface Water Utility	Total Enterprise Funds	Governmental Activities Internal Service Funds
Current assets:						
Cash and cash equivalents	\$ 3,973,370	\$ 3,561,217	\$ 572,915	\$ 4,284,100	\$ 12,391,603	\$ 5,214,483
Investments	2,161,812	4,284,988	-	-	6,446,801	3,205,071
Taxes receivable	-	-	847	-	847	-
Other receivables	550,121	1,034,564	-	578,358	2,163,043	72,224
Due from other governmental units	-	-	-	8,435	8,435	-
Inventory of materials and supplies	-	-	53,879	-	53,879	18,760
Current assets restricted						
Cash and cash equivalents	23,825	-	62,620	-	86,445	-
Total Current Assets	6,709,128	8,880,770	690,262	4,870,893	21,151,052	8,510,538
Noncurrent assets:						
Notes receivable	-	233,890	-	-	233,890	-
Capital assets						
Land	87,347	69,525	1,609,575	629,783	2,396,230	-
Building	1,416,567	3,364,962	6,627,496	1,875,395	13,284,419	-
Other improvements	24,597,361	16,635,380	3,559,992	49,044,818	93,837,552	-
Machinery and equipment	801,031	1,249,131	110,829	56,139	2,217,130	15,973,404
Less: accumulated depreciation	(11,434,627)	(8,622,535)	(6,400,487)	(16,520,574)	(42,978,223)	(10,848,599)
Construction in progress	193,367	301,308	-	1,968,104	2,462,779	-
Total capital assets (net of accumulated depreciation)	15,661,045	12,997,771	5,507,405	37,053,666	71,219,887	5,124,804
Total Noncurrent Assets	15,661,045	13,231,661	5,507,405	37,053,666	71,453,777	5,124,804
Total Assets	22,370,174	22,112,430	6,197,666	41,924,559	92,604,829	13,635,342
Deferred Outflows of Resources						
Deferred pension	60,358	35,613	63,721	91,104	250,796	38,954
Deferred Loss on Refunding	9,837	23,458	-	4,540	37,836	-
Total Deferred Outflows of Resources	70,195	59,071	63,721	95,644	288,632	38,954
LIABILITIES:						
Current Liabilities						
Accounts payable	373,132	55,280	2,135	997,916	1,428,463	215,305
Accrued wages and benefits	41,202	23,828	35,983	68,696	169,709	25,906
Accrued interest payable	2,528	7,485	-	5,751	15,765	-
Unearned revenue	6,568	-	-	9,562	16,130	-
Other current liabilities	19,935	27,629	57,690	100	105,354	811,300
Due to other governments	95,080	233,436	-	270,953	599,468	-
Compensated absences	-	-	-	1,542	1,542	-
Revenue bond payable	38,911	92,789	-	17,959	149,659	-
Total Current Liabilities	577,356	440,447	95,807	1,372,479	2,486,089	1,052,511
Noncurrent liabilities:						
Reserve for unreported claims	-	-	-	-	-	1,216,950
Revenue bonds payable	339,238	808,953	-	156,572	1,304,763	-
Net pension liability	432,958	255,461	457,077	653,515	1,799,011	279,426
Compensated absences	117,637	33,029	70,818	95,372	316,855	-
Due to other governments	527,116	1,730,014	-	1,590,925	3,848,055	-
Total Noncurrent Liabilities	1,416,949	2,827,457	527,895	2,496,383	7,268,684	1,496,376
Total Liabilities	1,994,305	3,267,904	623,702	3,868,863	9,754,773	2,548,887
Deferred Inflows of Resources						
Deferred inflow pension earnings	84,934	50,885	90,954	130,736	357,509	55,427
Total Deferred Inflows of Resources	84,934	50,885	90,954	130,736	357,509	55,427
NET POSITION:						
Net investment in capital assets	14,670,538	10,156,038	5,507,405	35,021,798	65,355,778	5,124,805
Unrestricted	5,690,592	8,696,675	39,327	2,998,807	17,425,401	5,945,177
Total Net Position	\$ 20,361,130	\$ 18,852,713	\$ 5,546,731	\$ 38,020,604	\$ 82,781,179	\$ 11,069,982

The notes to the financial statements are an integral part of this statement.

CITY OF TUKWILA, WASHINGTON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Water Utility	Sewer Utility	Foster Golf Course	Surface Water Utility	Total Enterprise Funds	Governmental Activities Internal Service Funds
OPERATING REVENUES:						
Charges for services	\$ 6,774,385	\$ 9,706,584	\$ 1,202,283	\$ 6,147,930	\$ 23,831,182	\$ 8,522,957
Other operating revenue	3,969	-	107,208	160	111,337	114,545
Total Operating Revenues	6,778,355	9,706,584	1,309,491	6,148,090	23,942,519	8,637,501
OPERATING EXPENSES:						
Operating & maintenance	4,316,007	5,616,964	1,435,736	1,842,352	13,211,060	7,950,371
Administrative and general	724,537	623,175	181,399	643,643	2,172,754	458,576
Taxes	979,237	1,107,991	59,348	688,572	2,835,148	-
Depreciation and amortization	519,778	367,729	313,489	1,019,917	2,220,912	833,469
Total Operating Expenses	6,539,560	7,715,858	1,989,972	4,194,484	20,439,874	9,242,416
Operating Income (Loss)	238,795	1,990,725	(680,481)	1,953,606	3,502,645	(604,914)
NON-OPERATING REVENUE (EXPENSE):						
Investment earnings	62,912	33,110	4,380	52,938	153,341	95,639
Interest expense	(14,066)	(35,941)	-	(14,841)	(64,848)	-
Gain (loss) on disposal of capital assets	4	-	-	(440)	(436)	100,509
Other non-operating revenue	-	-	-	8,435	8,435	-
Total Non-Operating Revenue (Expense)	48,850	(2,830)	4,380	46,093	96,492	196,148
Income (Loss) Before Contributions & Transfers	287,645	1,987,895	(676,101)	1,999,699	3,599,137	(408,767)
Capital contributions	216,339	327,675	-	290,379	834,392	-
Transfers in	-	-	300,000	-	300,000	-
Change in Net Position	503,984	2,315,570	(376,101)	2,290,077	4,733,529	(408,767)
Total net position - beginning	19,857,146	16,537,143	5,922,833	35,730,527	78,047,649	11,478,749
Total Net Position - ending	\$ 20,361,130	\$ 18,852,713	\$ 5,546,731	\$ 38,020,604	\$ 82,781,179	\$ 11,069,982

The notes to the financial statements are an integral part of this statement.

CITY OF TUKWILA, WASHINGTON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017

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	Water Utility	Sewer Utility	Foster Golf Course	Surface Water Utility	Total Enterprise Funds	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$ 6,642,015	\$ 9,432,575	\$ 1,309,492	\$ 6,041,224	\$ 23,425,306	\$ 8,591,726
Cash paid to supplier	(4,108,599)	(5,966,291)	(745,386)	(612,296)	(11,432,573)	(1,204,753)
Cash paid for taxes	(979,237)	(1,107,991)	(59,348)	(688,572)	(2,835,148)	(1)
Cash paid to or on behalf of employees	(798,896)	(466,415)	(946,234)	(1,267,642)	(3,479,187)	(7,130,160)
Other cash received (paid)	3,969	-	8,012	160	12,141	-
Net Cash Provided (Used)					-	
By Operating Activities	759,252	1,891,878	(433,464)	3,472,874	5,690,539	256,811
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Operating grant received	-	-	-	8,435	8,435	-
Transfers in	-	-	300,000	-	300,000	-
Net Cash Provided (Used) By Non-Capital Financing Activities	-	-	300,000	8,435	308,435	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Purchase of capital assets	(1,926,517)	(1,473,226)	(16,043)	(2,565,907)	(5,981,693)	(1,250,161)
Contributed capital	216,339	327,675	-	104,998	649,011	-
Capital grants	-	-	-	241,768	241,768	-
Principal payment on debt	(132,333)	(322,271)	-	(288,146)	(742,750)	-
Interest payment on debt	(14,410)	(39,553)	-	(15,660)	(69,622)	-
Proceeds from sale of equipment	-	-	-	-	-	100,509
Other	31,833	(20,742)	-	(60,987)	(49,896)	-
Net Cash Provided (used) for Capital And Related Financing Activities	(1,825,089)	(1,528,116)	(16,043)	(2,583,934)	(5,953,182)	(1,149,652)
CASH FLOW FROM INVESTING ACTIVITIES:						
Proceeds from sale of investments	-	-	-	-	-	135,000
Purchase of investments	-	(3,900,000)	-	-	(3,900,000)	(513,494)
Interest received	35,687	158,795	4,380	52,938	251,800	171,089
Net Cash Provided (Used) In Investing Activities	35,687	(3,741,205)	4,380	52,938	(3,648,200)	(207,405)
Net increase (decrease) in cash and cash equivalents	(1,030,150)	(3,377,444)	(145,127)	950,313	(3,602,409)	(1,100,246)
Cash and cash equivalents-beginning of year	5,027,345	6,938,662	780,662	3,333,787	16,080,456	6,314,729
Cash And Cash Equivalents- end of year	\$ 3,997,195	\$ 3,561,217	\$ 635,535	\$ 4,284,100	\$ 12,478,047	\$ 5,214,483
Cash at end of year consists of:						
Cash and cash equivalents	3,973,370	3,561,217	572,915	4,284,100	12,391,603	\$ 5,214,483
Restricted cash-customer deposits	23,825	-	62,620	-	86,445	-
Total Cash and cash equivalents	\$ 3,997,195	\$ 3,561,217	\$ 635,535	\$ 4,284,100	\$ 12,478,047	\$ 5,214,483

The notes to the financial statements are an integral part of this statement.

CITY OF TUKWILA, WASHINGTON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017

Page 2 of 2

	Water Utility	Sewer Utility	Foster Golf Course	Surface Water Utility	Total Enterprise Funds	Governmental Activities Internal Service Funds
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ 238,795	\$ 1,990,725	\$ (680,481)	\$ 1,953,606	\$ 3,502,645	\$ (604,914)
Adjustments to reconcile operating income to net cash Provided (used) by operating activities:						
Depreciation	519,778	367,729	313,489	1,019,917	2,220,912	833,469
Asset (increase) decrease:						
Accounts receivable	(116,476)	(274,009)	2,571	(106,706)	(494,620)	(45,775)
Inventory and other	-	-	(421)	-	(421)	(3,487)
Deferred outflow of resources (increase) decrease	31,094	30,608	45,368	70,388	177,458	25,394
Liability increases (decreases):						
Accounts payable	186,293	(154,313)	(899)	735,967	767,048	107,588
Other liabilities	(57,597)	-	5,442	(18,090)	(70,245)	-
Wages & benefits payable	3,108	32,139	5,468	28,406	69,120	6,208
Deferred inflow of resources increase (decrease)	(45,744)	(101,001)	(124,000)	(210,614)	(481,359)	(61,671)
Total Adjustments	520,457	(98,848)	247,017	1,519,268	2,187,894	861,725
Net Cash Provided (Used) By Operating Activities	\$ 759,252	\$ 1,891,878	\$ (433,464)	\$ 3,472,874	\$ 5,690,539	\$ 256,811
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES						
Increase (decrease) in fair value of investment	\$ -	\$ (58,819)	\$ -	\$ -	\$ (58,819)	\$ 45,429
Total Non Cash investing, Capital and Financing Activities	\$ -	\$ (58,819)	\$ -	\$ -	\$ (58,819)	\$ 45,429

The notes to the financial statements are an integral part of this statement.

CITY OF TUKWILA, WASHINGTON
STATEMENT OF FIDUCIARY NET POSITON
FIDUCIARY FUND
 DECEMBER 31, 2017

	Firemen's Pension Trust Fund	Agency Fund
ASSETS:		
Cash and cash equivalents	\$ 925,014	\$ 311,398
Investments	515,702	-
Customer accounts	-	2,934
Interest receivable	1,771	-
Total Assets	1,442,486	314,332
LIABILITIES:		
Accounts and other payables	-	314,332
Total Liabilities	-	314,332
NET POSITION:		
	1,442,486	-
Net Position Restricted for Pensions	\$ 1,442,486	\$ -

The notes to the financial statements are an integral part of this statement.

CITY OF TUKWILA, WASHINGTON
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Firemen's Pension Trust Fund
ADDITIONS:	
Contributions from nonemployer entities:	
Fire Insurance Premiums Transferred in	\$ 68,709
Investment earnings/(loss)	(320)
Total Additions	68,389
DEDUCTIONS:	
Benefit payments	\$ 51,486
Administrative expenses	3,500
Total Deductions	54,986
Change In Net Position	13,403
Net position - beginning	1,429,083
Net Position - ending	\$ 1,442,486

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the City of Tukwila conform to generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The City's significant accounting policies are described in this note.

A. The Reporting Entity

The City of Tukwila was incorporated on June 23, 1908 and operates under the laws of the State of Washington applicable to a non-charter optional code city with a Mayor/Council form of government. Tukwila is served by a Mayor and seven councilmembers, all elected at large to four-year terms. The City provides what are considered general government services including public safety, streets, parks, planning and zoning, permits and inspection, general administrative, water services, sanitary sewer collection, and storm drainage.

The City of Tukwila has no component units (either blended or discretely presented) included in these statements.

B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net position and the statement of activities report information on all of the nonfiduciary activities of the City. The activity of the internal service funds is eliminated to avoid "doubling up" revenues and expenses.

The statements distinguish between governmental activities and business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program activity of the City. Direct expenses are those specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Indirect costs are included in the program expense reported for individual functions and activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program.

For identifying which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which functions the revenues are restricted.

Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type. While fiduciary funds are excluded from the government-wide statements, they are included in the fund financial statements.

C. Fund Accounting

The accounts of the City are organized on the basis of funds; each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of self-balancing accounts that are comprised of assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues and expenditures or expenses, as appropriate. The City's resources are allocated to - and accounted for - in individual funds according to the purpose for which they are spent and how they are controlled. There are three categories of funds: *governmental, proprietary and fiduciary.*

Governmental Funds

All governmental funds are accounted for on a "flow of current financial resources" measurement focus. Their reported fund balance is considered a measure of "available spendable resources." Governmental fund operating statements focus on measuring changes in current financial position, rather than net income; they present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. The following are the City's major governmental funds:

- The general fund accounts for all the City's financial resources except those required by statute or generally accepted accounting principles to be accounted for in another fund. As is the case with most municipalities, the general fund is the largest and most important accounting entity of the City. The general fund receives the bulk of its revenues from local taxes, followed by State shared revenues, service charges, and other income.
- The Arterial Street fund was established in accordance with RCW 82.36.020 for the administration of the State-levied motor vehicle half-cent gasoline tax distributed to Tukwila and is used primarily to account for capital arterial street projects. In addition to the State-levied motor vehicle gasoline tax, other revenue includes state and federal grants, impact fees, and transfers in from the general fund.
- The Local Improvement District (LID) #33 accounts for assessments related to the LID and provides payment to the Fiscal Agent for principal and interest on bonds issued in November 2013.
- The Public Safety Plan fund was established in 2016 after voters approved a \$77.4 million bond measure to construct a justice center, rebuild 3 fire stations, and provide for life-cycle replacement of fire department apparatus and equipment.

The other governmental funds of the City, account for the proceeds of specific revenue sources that are segregated to ensure that expenditures are made exclusively for qualified purposes.

Proprietary Funds

The City of Tukwila maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds are accounted for on a “flow of economic resources” measurement focus. This means all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund operating statements present increases (revenues and gains) and decreases (expenses and losses) in net position. Proprietary funds measurement focus is based upon determination of net income, financial position, and cash flows.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the City’s enterprise and internal service funds are charges to the City’s internal and external customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Restricted assets shown in the government-wide financial statements and the proprietary funds balance sheet include monies reserved for payment of revenue bond debt, and deposits held for utility and golf course customer accounts. When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

The City’s enterprise funds account for utility and golf course operations, which are self-supported through user charges. The enterprise activities are financed and operated like a private business enterprise, which requires periodic determination of revenues earned, expenses incurred, and net income for capital maintenance, public policy, management control and accountability. The City’s major enterprise funds are as follows:

- Water Utility Fund accounts for operations and capital improvements to provide water services to the City.
- Sewer Utility Fund accounts for operations and capital improvements to provide sanitary sewer services to the City.
- Foster Golf Course Fund is used to account for the operation, maintenance, and improvements of the municipal golf course facility.
- Surface Water Utility Fund accounts for the operations and capital improvements for the City’s storm drainage and surface water management function.

The City has three internal service funds. The Equipment Rental Fund is used to account for the costs of maintaining and replacing all City vehicles and auxiliary equipment. All equipment costs, including depreciation, are factors in calculating the rates charged to each user department. The Insurance and Insurance – LEOFF I Funds are used to account for the costs of the City’s self-insured medical plan for active employees and retired LEOFF I employees respectively. Medical and dental costs for covered employees are charged to the respective user departments. All premiums, medical and dental costs and ancillary charges are included.

Fiduciary Funds

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. The City has two fiduciary funds, Firemen’s Pension Trust Fund and Agency Fund. The Firemen’s Pension Trust Fund is accounted for in essentially the same manner as proprietary funds and accounts for pension costs for firefighters who qualify for a City pension prior to 1971. The agency fund is custodial in nature (assets equal liabilities) and does not involve a measurement of results of operations. Fiduciary funds are excluded from the government-wide financial statements.

D. Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflow of resources, liabilities, and deferred inflow of resources associated with the operation of the City are included on the Statement of Net Position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities, and deferred inflow of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the government activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and statements for governmental funds.

Like the government-wide statements, all proprietary and internal service fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in activities presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

E. Basis of Accounting

Basis of accounting refers to the recognition of revenues and expenditures or expenses in the accounts and reporting them in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. The modified accrual basis of accounting is followed in all governmental funds of the City. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay current liabilities. For the City, available means expected to be received within sixty (60) days of year-end. The primary accrued revenues that meet these criteria are sales, real estate, and utility taxes.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, sales and use taxes, admission taxes, gambling taxes, utility taxes, hotel/motel taxes, grants, entitlements, and donations. These revenues are on an accrual basis. On the accrual basis, the revenue is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 3 on receivables).

Other Revenue Sources

Revenue sources which are not considered to meet the measurable and available criteria for revenue recognition include licenses and permits, fines and forfeitures, and other miscellaneous revenues since they are generally not measurable until received.

Under the modified accrual basis, expenditures are recorded when the fund liability is incurred, except for principal and interest on general long-term debt and vacation and sick pay which are recorded when paid.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements via the process of consolidation. Internal service fund and similar internal activity has also been eliminated from the government-wide statement of activities, so expenses are not reported twice. Exceptions to this general rule are payments for interfund services provided and used, such as between the City's water, sewer, and surface water functions and various other functions of the City, which are not eliminated in the process of consolidation. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Amounts reported on the government-wide statements as program revenues include, charges to customers or applicants for goods, operating grants and contributions, and capital grants and contributions. General revenues include all taxes. The accrual basis of accounting is followed in all proprietary funds. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when incurred. All assets and liabilities are recorded in the fund.

F. Budgets and Budgetary Accounting

The City of Tukwila budgets its funds in accordance with the Revised Code of Washington 35A.33. In compliance with the code, biennial budgets are adopted for the general fund and special revenue funds. For governmental funds, there are no substantial differences between the budgetary basis and generally accepted accounting principles. Budgetary accounts are integrated in fund ledgers for all budgeted funds, but the financial statements include budgetary comparisons for biennially budgeted governmental funds only. Budgets established for proprietary and fiduciary funds are "management budgets" and are not legally required to be reported and, as such, are not reported in the CAFR.

The biennial appropriated budgets are adopted at the fund level and the budgets constitute the legal authority for expenditures at that level. Subsidiary revenue and expenditure records are used to compare the budgeted amounts with actual revenues and expenditures. As a management control device, the subsidiary ledgers monitor expenditures for individual functions and activities by object class. Any unexpended appropriation balances lapse at the end of the biennium.

The City of Tukwila's budget procedures are mandated by RCW 35A.33. The steps in the budget process are as follows:

- 1) Prior to November 1 on even numbered years, the Mayor submits a proposed budget to the City Council. This budget is based on priorities established by the Council and estimates provided by the City departments during the preceding months and balanced with revenue estimates made by the Mayor.
- 2) The City Council conducts public hearings on the proposed budget in November. Public hearings are also held in December, if necessary.
- 3) The Council makes its adjustments to the proposed budget and adopts by ordinance a final balanced budget no later than December 31.
- 4) The final operating budget as adopted is published and distributed within the first month of the following year. Copies of the budget are made available to the public.

The City Council must approve, by ordinance, any amendments that increase the total for the fund. Budget amounts presented in the financial schedules include both the original amounts and the final amended budget as approved

by the City Council. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable to the fiscal year.

Expenditure Categories

General Government	Includes administration, finance, municipal court, attorney, and city clerk activities.
Public Safety	Includes all police and fire activities.
Physical Environment	Includes expenditures for the public works activities not chargeable to the enterprise funds.
Transportation	Includes all street and arterial street maintenance and construction.
Economic Development	Reflects the planning and building inspection activities.
Culture and Recreation	Includes the parks and recreation activities.

G. Assets, Liabilities, and Fund Equity

Cash and Cash Equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are held separately by each fund with interest earned directly for the benefit of each fund. Investments are reported in the financial statements at fair value, based on quoted prices in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Washington State statutes provide for the City to hold investments consisting of obligations of the Federal Government, repurchase agreements, prime banker's acceptances, and time certificates of deposit. Additional deposit and investment information is presented in Note 2.

Notes Receivable

Notes receivable in the enterprise funds consists of sewer connection fees due from customers to the utility. In the governmental funds, it consists of the special assessment as well as developer agreements, of which the City currently has two current developer agreements.

Amounts Due to and From Other Funds and Governments, Interfund Loans and Advances Receivable

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund loans receivable/payable" or "advances to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." As of December 31, 2017, there are no residual balances outstanding between the governmental activities and business-type activities.

The non-current portion of interfund loans in the general fund and advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources. See Note 4 on interfund transactions.

Special Assessments

Special assessments are amounts levied against benefited properties to recover costs associated with the construction of Local Improvement District (LID) projects. A lien is recorded against benefited properties until the assessment has been paid. Special assessments receivable represents all outstanding assessment amounts including current assessments billed but not collected, delinquent assessments unpaid at year-end, and special assessment amounts due in future years, which are recorded in a deferred inflow of resources account in the fund financial statements. Since special assessments are secured by liens against related properties, no allowance for uncollectible amounts is made.

Inventories

Inventory is defined as items purchased for resale to external customers or other City departments or supplies and small tools used in normal operations that are considered material in amount. The inventory amount on this year's financial statements reflect only those items that will be resold. Inventory held for resale is valued at lower of cost or market and there is a physical inventory count taken annually at year-end.

Governmental funds use the purchase method whereby inventory items are considered expenditures when purchased.

Real Property Held for Resale

Governmental funds do not report property, plant, and equipment because such assets normally are used in operations, and therefore will never be available for spending (they are not financial assets). However, specific items of property occasionally are acquired with the intent of sale. Examples include foreclosure properties, redevelopment properties, and donated assets held for resale rather than retained for use in operations. Governments often acquire redevelopment properties to attract private-sector investment in an economically depressed area and are willing to sell the property at a price that may be far less than the government's cost to acquire and improve the property. Since assets held for sale can never be reported at an amount higher than their net realizable value, any cost in excess of net realizable value must be excluded from the property value reported in the financial statements.

The City acquired a number of redevelopment properties in its urban renewal area along Tukwila International Boulevard. For the Tukwila Village project, property acquisition began in 1999. The City acquired and cleared a total of 5.76 acres. In 2012 the City executed an agreement to sell the property to a developer and closed escrow on the sale of the first phase in 2017. The first phase is currently under construction and will be completed in 2018.

As part of a crime-reduction project, the City purchased three crime-ridden motels in 2014 plus another motel and retail shop in 2015. All structures on those properties were demolished in 2016 and the vacant land will be sold for redevelopment. All redevelopment properties are reported at net realizable value in the financial statements.

Deferred Outflows /Inflows of Resources

Deferred outflow of resources represents a consumption of net position by the government that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. The City reports a deferred outflow related to pension and a deferred loss on refunding water/sewer bonds.

Deferred inflow of resources represents an acquisition of net position by the government that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. The City reports business taxes that are received in advance and a deferred inflow related to pensions.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets acquired in governmental funds are accounted for as expenditures in the fund when the asset is purchased. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Where historical cost is not known, assets are recorded at estimated historical costs. Donated assets are recorded at acquisition value at time of acquisition. The City maintains a capitalization threshold of five thousand (\$5,000) dollars. The City's infrastructure consists of roads, bridges, storm sewers, water and sewer distribution and collection systems. Improvements are capitalized while the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

Depreciation is computed using the straight-line method over estimated service lives, as follows:

Asset	Estimated Service Life
Buildings	25 to 50 years
Non-Building Improvements	25 to 50 years
Machinery and Equipment	2 to 50 years
Intangibles	2 to 50 years
Infrastructure	25 to 50 years

See Note 6 for additional information on capital assets.

Other Liabilities

Other liabilities include retainage, deposits and the incurred-but-not-reported (IBNR) claims and claim reserve for the self-insured healthcare funds. The self-insurance fund for active employees includes an IBNR liability of \$737,600 determined using actuarial methods. This liability is multiplied by a factor of 2.5 to meet the City's financial goal of maintaining reserves at 1 x IBNR for claim fluctuations plus 1.5 x IBNR for a claims reserve yielding a total liability of \$1,844,000. The self-insurance fund for LEOFF 1 retirees includes an IBNR liability of \$73,700 and total liability of \$184,250 utilizing the same calculations as the active employees' self-insurance fund.

Compensated Absences

City policy and labor contracts with City of Tukwila employees call for the accumulation of vacation and sick leave. At termination of employment, employees with the required length of service may receive cash payments for all accumulated vacation leave to a maximum of 384 hours. Sick leave termination benefits are based on a percentage of accumulated sick leave up to a maximum of 180 hours. The payment is based on current wages at termination.

The entire compensated absence liability, which includes salary and wages as well as related taxes, is reported on the government-wide financial statements. In the enterprise funds, the entire amount of compensated absences is reported as a fund liability. This reporting format is in compliance with GASB Statement No. 16.

The current portion reported on the schedule of long-term liabilities is calculated using the last-in-first-out (LIFO) approach. Anticipated subsequent yearly usage is used to determine the current portion of the liability. There is

no current portion to report when the anticipated leave usage is less than the anticipated leave to be accrued during the next year.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Long-term debt outstanding at year-end is outlined in Note 10.

Fund Balance/Net Position

A fund balance represents the difference between the current assets and current liabilities plus deferred inflows. The City restricts those portions of fund balance which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for general appropriation or expenditure.

Net position represents the difference between assets plus deferred outflow of resources and liabilities plus deferred inflow of resources. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The remaining balance is reported as unrestricted.

In 2012 and again in 2015, the City revised the Reserve Policy which addresses the various types of the City's operating and restricted use funds. The objectives of this Policy are to establish, attain, and restore minimum fund balances, including self-insurance health care reserve funds, and specified review and reporting of fund balances.

At the close of each fiscal year, the General Fund balance shall equal or exceed 18%, and the Contingency Reserve Fund balance shall each equal or exceed 10%, of the previous year General Fund revenue, exclusive of significant non-operating, non-recurring revenues such as real estate sales or transfers in from other funds. Additionally, 10% of the previous year one-time revenues shall be set aside in a one-time revenue reserve within the Contingency Reserve fund.

Enterprise funds, at the close of each fiscal year, the unrestricted fund balance shall equal or exceed 20% of the previous year revenue, exclusive of non-operating, non-recurring revenues such as real estate sales, transfers in from other funds or debt proceeds.

The City shall maintain a reserve balance in each of its self-insured health care funds an amount equal to 2.5 times or 250%, of the actuarially determined IBNR liability.

Fund Balance Components

The fund balance amounts for governmental funds have been classified in accordance with GASB Statement No. 54 and are reported as nonspendable, restricted, committed, assigned or unassigned.

- Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund. The general fund's nonspendable fund balance of \$937 thousand is the outstanding balance of a loan from the general fund to the Tukwila Metropolitan Park District.
- Restricted fund balances have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.
- Committed fund balances can be used only for specific purposes pursuant to constraints imposed by a formal action in the form of ordinances and resolutions of Tukwila Councilmembers, the City's highest level of decision-making authority. This formal action is the passage of an ordinance by City Council creating, modifying, or rescinding an appropriation. These committed amounts cannot be used for any other purpose unless Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- Assigned fund balance includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. Assigned also includes a contingency balance authorized via the City's Reserve Fund Balance policy. Intent of use and authority to assign amounts is determined through the budgetary process, either during adoption or amending, and the Finance Director has final authority.
- Unassigned fund balance is the residual amount not included in the four categories described above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

Each fund has been analyzed to classify the fund balance in accordance with GASB Statement No. 54. Funds are created by the City Council and money is authorized to be transferred to the fund for a particular purpose. At this point, balances in these funds are at least committed, and may be further restricted depending on whether there is an external party, constitutional provision, or enabling legislation constraint involved. The City applies restricted resources first when an expense is incurred for purposes of which both restricted and unrestricted fund balance is available in the governmental funds. When expenditures are incurred for purposes, for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications can be used, it is the City's policy to spend committed resources first, the assigned second, followed by unassigned.

Operating Revenues and Expenses

Operating revenues are generated directly from the primary activity of the proprietary funds. For the City, these revenues are service fees for utilities, charges for services for the use of the golf course and the internal use of vehicles, computers, and facilities. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of each fund. All other revenues and expenses are classified as non-operating including investment earnings, interest expense and the gain or loss on the disposition of capital assets.

Contributions of Capital

Contributions of capital in proprietary fund financial statement arise from outside contributions of capital assets, for example, developers, and grants or outside contributions of resources restricted to capital acquisition and construction. It also includes water and sewer connection charges.

Indirect Cost Allocation

Indirect costs, also referred to as overhead costs, consist of the cost of central services or support functions shared across departments. They include accounting, human resources, payroll, information technology, janitorial services, and others. These services are paid through the general fund and charged back to the proprietary funds that directly benefit from them. The indirect costs allocated to the proprietary and other funds totaled \$2,279,058 for 2017 and are reported as a reduction of general government expenditures on the Statement of Activities.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. On the government-wide statement of activities, the exchange transactions between the internal service funds and the user funds are eliminated. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses section in proprietary funds.

Transfers between governmental and business-type activities on the government-wide statement of activities are reported separately after general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business type activities column are eliminated.

Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Risk Management

It is the City of Tukwila's policy to self-insure for unemployment benefits because of the insignificant liability. Medical and dental self-insurance coverage is also provided for employees. All buildings, City equipment, and City vehicles are insured by carriers for property coverage at replacement value.

The City of Tukwila is a member of the Washington Cities Insurance Authority (WCIA) as of January 1, 1984. WCIA is an organization of Washington entities numbering 161 as of December 31, 2017. WCIA provides pooled self-insurance coverage for general liability, vehicle liability, false arrest, and errors and omissions. See Note 13 for additional information on risk management.

H. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 –DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool available for use by all funds. Interest earned on pooled investments is recorded in the participating funds. Investments are also held separately by several of the funds, with interest earned directly for the benefit of each fund.

Cash and Cash Equivalents

Custodial credit risk is the risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure, it is the risk that the City would not be able to recover its deposits or collateralized securities that are in the possession of the outside parties. The City minimizes custodial credit risk by following the restrictions set forth in state law.

At year-end, the carrying amount of the City's cash balance held in banks was \$11,305,429. Of the bank balance, \$250,000 was covered by Federal depository insurance and the Washington Public Deposit Protection Commission (WPDPC) insured the remainder. The City also maintains imprest funds totaling \$14,950.

The City participates in the State Treasurer's Investment Pool, which is a 2a7-like unrated pool, overseen by the State Treasurer's Office. A 2a7-like-pool is an external investment pool that is not registered with the SEC as an investment company but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost, which approximates fair value, to report net assets and compute share prices. The fair value of the City's position in the pool is the same as the value of the pool shares. Because of its highly liquid nature, the Pool funds are considered cash equivalents.

Investments

The City's investment portfolio includes certificate of deposits insured by the Washington State Public Depository Commission, U.S. Government Agency Notes, and municipal bonds issued by state and local agencies. These investments are reported at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Also, the Firemen's Pension Fund is authorized to invest in stocks, bonds, and mutual funds.

At December 31, 2017, the City had the following deposits and investments. Certificates of deposits are measured at amortized cost, agencies and municipal bonds are measured at fair value.

SCHEDULE OF INVESTMENTS BY MATURITY

	Maturity Date	Credit Rating	Fair Value
Certificates of Deposit:			
Sound Community Bank	3/4/2019	*	\$ 3,242,622
Bank of Washington	6/2/2019	*	250,000
Total Certificate of Deposits			3,492,622
U.S. Government Agency Notes:			
Federal Home Loan Mtg Corp	5/25/2018	AA+ / Aaa	997,899
Federal Farm Credit Bank	12/21/2018	AA+ / Aaa	994,692
Federal Home Loan Bank	1/30/2019	AA+ / Aaa	994,441
Federal Farm Credit Bank	3/20/2019	AA+ / Aaa	1,989,224
Farmer Mac	7/23/2019	AA+ / Aaa	993,355
Farmer Mac	8/2/2019	AA+ / Aaa	2,484,920
FNMA	10/9/2019	AA+ / Aaa	2,310,722
Federal Farm Credit Bank	12/27/2019	AA+ / Aaa	990,552
Federal Home Loan Bank	6/29/2020	AA+ / Aaa	1,683,549
Federal Home Loan Bank	8/28/2020	AA+ / Aaa	2,272,586
Federal Farm Credit Bank	5/9/2022	AA+ / Aaa	1,974,266
Total U.S. Agency Notes			17,686,207
Municipal Bonds:			
Washington State Biomedical Research: Revenue - Facilities	7/1/2019	Aa1 / AA+	519,700
Seattle, Washington: Limited General Obligation	11/1/2019	Aaa / AAA	392,962
Auburn, Washington: Limited General Obligation, Build America	12/1/2019	AA+	312,282
Port of Anacortes, Washington: Limited General Obligation	9/1/2020	Aa3	352,175
Douglas County School District, Washington: Unlimited General Obligation	12/1/2020	Aa2	1,188,822
Port of Tacoma, Washington: Limited General Obligation, Taxable Refunding	12/1/2020	Aa2 / AA	515,702
Multnomah County, Oregon: Limited General Obligation	6/1/2021	Aaa	456,125
Burien, Washington: Limited General Obligation, Build America	12/1/2025	Aa2	531,560
Port of Seattle, Washington: Revenue, Taxable	5/1/2036	Aa2 / AA-	2,127,580
Total Municipal Bonds			6,396,908
TOTAL INVESTMENTS			\$ 27,575,736

* No credit rating with certificate of deposit accounts; accounts are insured by the Public Depository Protection Commission.

RECONCILIATION OF ALL CASH, DEPOSITS AND INVESTMENTS

SUMMARY BY FUNDS	CASH & CASH EQUIVALENTS	RESTRICTED CASH	INVESTMENTS	RESTRICTED INVESTMENTS	TOTAL
Governmental Funds					
General Fund	\$ 9,486,158	\$ 8,406	\$ 6,322,974	\$ -	\$ 15,817,539
Arterial Street	349,039	2,270,778	-	-	2,619,817
Local Improvement District #33	752,342	-	-	-	752,342
Public Safety Plan	484,286	25,903,447	-	10,553,628	36,941,362
Facilities Urban Renewal	-	-	-	-	-
Other Governmental Funds	9,560,304	6,017,641	531,560	-	16,109,505
Internal Service Funds	5,214,483	-	3,205,071	-	8,419,554
Proprietary Funds					-
Water	3,973,370	23,825	2,161,812	-	6,159,007
Sewer	3,561,217	-	4,284,988	-	7,846,206
Foster Golf Course	572,915	62,620	-	-	635,535
Surface Water	4,284,100	-	-	-	4,284,100
Total as Reported on Statement of Net Position	38,238,215	34,286,717	16,506,406	10,553,628	99,584,966
Firemen's Pension Trust Fund	-	925,014	515,702	-	1,440,716
Agency Fund	-	311,398	-	-	311,398
Total Cash, Cash Equivalents and Investments	\$ 38,238,215	\$ 35,523,128	\$ 17,022,108	\$ 10,553,628	\$ 101,337,080

SUMMARY BY TYPE:**Cash and Cash Equivalents:**

Local Government Investment Pool	\$ 48,269,306
Money market account	14,361,779
Cash on hand	14,950
Cash in bank-book balance	11,115,308
Total cash and cash equivalents	73,761,344

Investments:

Certificates of deposit	3,492,622
U.S. Government Agency Notes	17,686,207
Municipal bonds	6,396,908
Total investments	27,575,736
Total Cash, Cash Equivalents, and Investments	\$101,337,080

Restricted Cash & Investments - Governmental	
Cash & cash equivalents	\$ 31,697,680
Deposits	8,406
Drug Seizure funds - federal portion	223,408
Debt Service	2,124,016
Impact fees	146,762
Investments	10,553,628
Restricted Assets-Governmental	\$ 44,753,900
Restricted Cash & Investments - Business-Type	
Customer Deposits-Water Utility	\$ 23,825
Customer Deposits-Golf Course	47,620
Lease Deposits-Golf Course	15,000
Restricted Assets-Business-Type	\$ 86,445
Total Restricted Assets	\$ 44,840,345

Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets. These valuation inputs are considered most reliable.
- Level 2 inputs are quoted prices for similar assets, quoted prices for identical or similar assets in markets that are not active, or other observables. These valuation inputs are considered to be reliable.
- Level 3 inputs are significant unobservable inputs and are considered to be the least reliable.

The City has the following recurring fair value measurements as of December 31, 2017:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level	Total			
US Government Agencies	\$ 17,686,207	\$ -	\$ 17,686,207	\$ -
Municipal Bonds	6,396,908	-	6,396,908	-
Total Investments by Fair Value Level	\$ 24,083,115	\$ -	\$ 24,083,115	\$ -

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits investment maturities as follows:

- 1) At the time of investment, a minimum of thirty percent (30%) of the cash and investment portfolio will be comprised of investments maturing or available within one year.
- 2) At the time of investment, eighty percent (80%) of the portfolio will be comprised of investments maturing or available within five (5) years and no instruments shall have a maturity exceeding ten (10) years, except when compatible with a specific fund's investment needs.
- 3) The average maturity of the portfolio shall not exceed three and one half (3 ½) years or forty-two (42) months.

The City uses the weighted average maturity method to manage interest rate risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes and the City's investment policy limit the types of securities authorized for investment by the City. The principal governing statutes are RCW 39.59 and RCW 39.60. The Finance Director may further restrict eligible investments by this policy at his/her discretion. Authorized investments include (but are not limited to):

- 1) U.S. Treasury Securities.
- 2) U.S. Agency Securities (i.e., obligations of any government-sponsored corporation eligible for collateral purposes at the Federal Reserve).
- 3) Certificates of Deposit, Money Market Deposit Accounts and savings deposits with qualified depositories within statutory limits as promulgated by the WPDPC at the time of investment.
- 4) Bankers Acceptances (BA's) purchased on the secondary market with a rating of A-1, P-1, its equivalent or better.
- 5) General Obligation Bonds of a state or local government which have at the time of the investment one of the three highest credit ratings of a nationally-recognized rating agency.
- 6) The Washington State Local Government Investment Pool (LGIP).

As of December 31, 2017, the City's investments in municipal bonds were rated Aaa to Aa3 by Moody's Investor Service.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The City of Tukwila diversifies its investments by security type and institution as described below:

- 1) No more than fifty percent (50%) of the City's cash and investment portfolio, at the time of purchase, shall be in any single financial institution.
- 2) Except, that no more than seventy-five percent (75%) of the City's portfolio, at the time of purchase, shall be invested in the Washington State Local Government Investment Pool, and
- 3) No more than seventy-five percent (75%) of the City's portfolio, at the time of purchase, shall be invested in U.S. Treasury or Agency securities.

NOTE 3 – RECEIVABLES

Taxes receivable consists of property, sales and use, gambling, leasehold, and hotel/motel taxes.

Customer accounts receivable consists of amounts owed by private individuals or organizations for goods and services provided. Uncollectible amounts are considered immaterial and the direct write-off method is used. Customer accounts receivable also includes the current portion of special assessments due from property owners within Local Improvement District No. 33. Other types of accounts receivable include utility taxes due from private organizations and customer accounts receivable for amounts owed which billings have not been prepared.

	Governmental Activities	Business-Type Activities	Total
Taxes Receivable			
Property	\$ 360,063	\$ -	\$ 360,063
Sales & Use	3,685,904	-	3,685,904
Real Estate Excise Tax	198,258	-	198,258
Utility Tax	671,411	-	671,411
Admission/Gambling/Parking/Other	1,293,415	847	1,294,262
Total Taxes Receivable	6,209,050	847	6,209,897
Customer Receivable			
Miscellaneous	1,418,586	-	1,418,586
Utility Accounts	-	2,157,178	2,157,178
Total Customer Receivable	1,418,586	2,157,178	3,575,765
Interest	138,778	5,865	144,643
Notes due within one year	211,471	-	211,471
Total Receivables	\$ 7,977,885	\$ 2,163,890	\$ 10,141,775

Property Taxes Receivable

The County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Collections are distributed daily via wire transfer.

Property Tax Calendar

January 1 st	Taxes are levied and become an enforceable lien against properties.
February 14 th	Tax bills are mailed.
April 30 th	First of two equal installment payments is due. If taxes are less than \$50, full payment is due. (RCW 84.56.020)
May 31 st	Assessed value of property established for next year's levy at 100 percent of market value.
October 31 st	Second installment is due. (RCW84.56.020)

Assessed values are established by the County Assessor at 100% of fair market value. A revaluation of all property is required every two years. On May 31 of each year the assessed value of property is established for the next year's property tax levy.

Property taxes levied by the County Assessor and collected by the County treasurer become a lien on the first day of the levy year and may be paid in two equal installments if the total amount is \$50 or more. The first half of real property taxes is due on April 30 and the balance is due October 31. Delinquent taxes bear interest at the rate of 12% and are subject to additional penalties if not paid as scheduled.

During the year, property tax revenues are recognized when cash is received. At year-end, unpaid property taxes are recorded as a receivable. Property tax receivables at year-end not expected to be collected within 60 days after

the current period are reported as other unavailable revenue in the deferred inflow of resources section of the governmental funds financial statements. The tax rate for general City operations is limited to \$3.60 per \$1,000 of assessed value. An additional levy rate of \$0.225 is available to the City because the City funds a Firemen's Pension Fund.

The payment of principal and interest on limited tax (non-voted) bonds issued by the City is made from the general levy. Accordingly, the issuance of limited tax general obligation bonds has the effect of reducing property taxes available for the general operations of City government. State law also provides that the City's operating levy may not exceed 101% of the largest single levy since 1985. The State Constitution provides that the total of all taxes upon real and personal property by the State and all taxing entities, including the City, shall not in any year exceed 1% (\$10 per \$1,000) of the true and fair monetary value of such property. This limitation may be exceeded upon the approval of 60% of the City voters at an election in which the total vote exceeds 40% of the votes cast at the last general election.

Washington State Constitution and Washington State law, RCW 84.55.010, limit the rate. The City's regular levy in 2016 was \$2.58592 per \$1,000 of assessed valuation of \$5,763,649,829 for a total regular levy of \$14,869,800.

Special levies approved by the voters are not subject to the limitations listed above. In 2017, the City levied an additional \$0.47 per \$1,000 for the Public Safety Plan approved by voters in November 2016. The total additional levy in 2017 was \$2,698,992

Due from Other Governments

All receivables from other governments are recorded at year-end as amounts Due from Other Governmental Units. These amounts represent federal, state, and local reimbursement-type grants, and are reported as receivables and intergovernmental revenues in the year when the related expenditures are incurred. As of December 31, 2017, the majority represents grants.

Notes Receivable

Notes receivable for governmental activities consists of the long-term portion of the special assessments related to Local Improvement District (LID) No. 33. Special assessments are levied against certain property owners benefited by the improvement. The current portion of outstanding assessments is reported in the receivables category on the Statement of Net Position and consists of assessments which are due within one year and delinquent assessments from the prior year. Assessments are charged to property owners within the LID annually with payments due in October of each year. The repayment period for the assessments is 15 years with the first installment due in 2014 and the final installment due in 2028.

The other note receivable category is related to developer agreements. There are two agreements with local developers to defer fire, parks and traffic impact fees, along with building permit fees as part of new, large construction projects. The first agreement, related to the Washington Place project, defers the developer's obligation to pay traffic, park, and fire impact fees until 2018. The second agreement is for the Tukwila South project which defers \$1.75 million in fire impact fees, with annual payments due each December from 2017 through 2022.

Notes receivable for business-type activities consists of outstanding payment plans for sewer connection fees. The City designed and constructed sewer infrastructure in both the Allentown and Foster Point neighborhoods, which was previously on septic. The project was completed and accepted by City Council in 2007. The connection fees to be paid by property owners were established by ordinance, effective in August, 2007. One option given to property owners was an installment payment plan. This option allowed owners to sign an agreement to have the connection charge added to their monthly water bill and repaid over 5, 10, or 15 years with a 4% annual interest rate. The balance reflects all principal outstanding at year-end.

	Governmental Activities	Business-Type Activities	Total
Notes Receivable			
Special Assessments	\$ 4,315,171	\$ -	\$ 4,315,171
Developer Agreements	2,856,277	-	2,856,277
Sewer Payment Plan	-	233,890	233,890
Total Receivables	\$ 7,171,448	\$ 233,890	\$ 7,405,338

NOTE 4 – INTERFUND TRANSACTIONS

Interfund activity is the term used to describe similar financial transactions between funds of the primary government.

Reciprocal interfund activity involves the exchange of equal or almost equal value between funds.

Services Provided/Used – Transactions that would be treated as revenues, expenditures or expenses if they involve external organizations, such as buying goods and services in return for equal or almost equal value, are similarly treated when they involve other funds of the City of Tukwila.

Interfund Loans/Advances – Loans between funds are classified as interfund loans receivable and payable or as advances to and from other funds in the fund statements. Interfund loans are offset by a reservation of fund equity. Interfund loans are subject to elimination upon consolidation. As of December 31, 2017, the City has no outstanding interfund loans or advances.

Nonreciprocal interfund activity does not involve the exchange of equal or almost equal value between funds.

Transfers – Transactions to support the operations of other funds are recorded as “Transfers” and classified with “Other Financing Sources or Uses” in the fund statements. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Contributions – Contributions to the capital of enterprise or internal service funds, transfers of capital assets between proprietary and governmental funds, transfers to establish or reduce working capital in other funds, and transfers of remaining balances when funds are closed are classified non-operating revenue.

Reimbursements – Repayments from funds responsible for expenditures or expenses to the funds that initially paid for them. These transactions are expenditures/expense in the fund responsible and as a reduction of expenditure/expensed in the fund being reimbursed.

Interfund transfers for the year were as follows:

SUMMARY OF INTERFUND TRANSFERS

	Funds				Funds		TOTAL
	General Fund	Public Safety Plan	Arterial Street	Other Gov't Funds	Total Governmental	Golf Course	
Transfers In	\$ 300,000	\$ 1,017,000	\$ 1,800,000	\$ 3,237,496	\$ 6,354,496	\$ 300,000	\$ 6,654,496
Transfers Out	(5,337,496)	-	-	(1,317,000)	(6,654,496)	-	(6,654,496)
Net Transfers In (Out)	<u>\$ (5,037,496)</u>	<u>\$ 1,017,000</u>	<u>\$ 1,800,000</u>	<u>\$ 1,920,496</u>	<u>\$ (300,000)</u>	<u>\$ 300,000</u>	<u>\$ -</u>

The principal purposes for interfund transfers include interfund subsidies and transfers into debt service and capital projects funds.

NOTE 5 – OPERATING LEASES

During 2017 the City maintained operating lease agreements for City operated machinery and equipment.

Tukwila leases office/ storage space for the purposes of the Police Archives Storage, Police Gym, and the Neighborhood Resource Center. Costs associated with these activities are as follows.

SCHEDULE OF FUTURE MINIMUM LEASE PAYMENTS

	2017	2018	2019	2020	2021
Neighborhood Resource Center	20,400	20,400	20,400	20,400	20,400
Police Archives/Vehicle Storage	57,424	59,144	60,916	58,652	58,652
Police Department Gym	15,091	15,542	16,012	6,780	6,780
Postage Machines	6,948	4,055	-	-	-
Office Equipment	197,446	192,120	175,721	29,441	27,224
Total Lease Payments	\$ 297,309	\$ 291,261	\$ 273,049	\$ 115,273	\$ 113,057

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

GOVERNMENTAL ACTIVITIES

	BEGINNING BALANCE 01/01/2017	INCREASES	DECREASES	ENDING BALANCE 12/31/2017
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 35,498,580	\$ 673,739	\$ -	\$ 36,172,319
Construction in Progress	10,064,699	14,604,067	(15,124,831)	9,543,935
Total capital assets, not being depreciated	45,563,279	15,277,806	(15,124,831)	45,716,254
Capital assets, being depreciated:				
Buildings	24,431,341	90,264	-	24,521,605
Other Improvements	23,354,321	333,445	-	23,687,766
Machinery and Equipment	21,495,035	1,515,864	(241,261)	22,769,638
Infrastructure	189,410,723	13,989,228	-	203,399,951
Total capital assets being depreciated	258,691,420	15,928,801	(241,261)	274,378,960
Less accumulated depreciation for:				
Buildings	(12,597,195)	(808,977)	-	(13,406,172)
Other Improvements	(12,826,302)	(1,026,435)	-	(13,852,737)
Machinery and Equipment	(14,383,941)	(1,359,296)	237,935	(15,505,302)
Infrastructure	(58,300,035)	(5,818,599)	-	(64,118,634)
Total accumulated depreciation	(98,107,472)	(9,013,307)	237,935	(106,882,844)
Total capital assets, being depreciated, net	160,583,948	6,915,494	(3,326)	167,496,116
Governmental activity capital assets, net	\$ 206,147,227	\$ 22,193,300	\$ (15,128,157)	\$ 213,212,370

BUSINESS-TYPE ACTIVITIES

	BEGINNING BALANCE 01/01/2017	INCREASES	DECREASES	ENDING BALANCE 12/31/2017
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 2,346,230	\$ 50,000	\$ -	\$ 2,396,230
Construction in Progress	2,211,229	5,926,438	(5,674,888)	2,462,779
Total capital assets, not being depreciated	4,557,459	5,976,438	(5,674,888)	4,859,009
Capital assets, being depreciated:				
Buildings	13,284,419	-	-	13,284,419
Other Improvements	88,164,649	5,745,460	(72,557)	93,837,552
Machinery and Equipment	2,174,632	42,499	-	2,217,130
Total capital assets being depreciated	103,623,700	5,787,958	(72,557)	109,339,101
Less accumulated depreciation for:				
Buildings	(4,977,186)	(371,794)	-	(5,348,980)
Other Improvements	(34,005,810)	(1,798,971)	14,202	(35,790,579)
Machinery and Equipment	(1,788,518)	(50,147)	-	(1,838,666)
Total accumulated depreciation	(40,771,514)	(2,220,912)	14,202	(42,978,225)
Total capital assets, being depreciated, net	62,852,188	3,567,046	(58,355)	66,360,879
Business-Type activity capital assets, net	\$ 67,409,647	9,543,484	\$ (5,733,243)	\$ 71,219,888

DEPRECIATION

Depreciation expense for 2017 was charged to functions/programs as follows:	
Governmental Activities:	
General Government	\$ 282,846
Public Safety	145,575
Physical Environment	859,211
Transportation	5,852,027
Economic Environment	2,907
Culture and Recreation	1,037,272
Capital assets held by the government's Internal Service Funds are charged to the various functions based on their usage of the assets	833,469
Total 2017 depreciation expense - governmental activities	\$ 9,013,307

Business-type Activities	
Water Utility - Depreciation	\$ 519,778
Sewer Utility - Depreciation	367,729
Foster Golf Course - Depreciation	313,489
Surface Water Utility - Depreciation	1,019,917
Total 2017 depreciation increases - business-type activities	\$ 2,220,912

NOTE 7 – JOINT VENTURES

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain (a) an on-going financial interest or (b) an on-going financial responsibility. The City participates in two joint ventures. A summary of the City's investment in joint ventures follows.

SUMMARY OF INVESTMENT IN JOINT VENTURES

	Equity in Operations	Equity in Capital Assets financed by Outstanding Debt	TOTAL Investment in Joint Ventures
Valley Com	\$ 2,677,983	\$ -	\$ 2,677,983
SCORE	719,422	5,914,400	6,633,822
TOTAL	\$ 3,397,405	\$ 5,914,400	\$ 9,311,805

Valley Communications Center

The "Valley Communications Center" was established August 20, 1976, when an Interlocal Agreement was entered into by the four original participating municipal corporations, including the cities of Renton, Kent, Auburn, and Tukwila. Federal Way was formally admitted during 2000. The agreement is sanctioned by the provisions and terms of the Interlocal Cooperation Act pursuant to RCW 39.34. The initial duration of the agreement was five years, and thereafter is automatically extended for consecutive five-year periods.

The purpose of the joint operation, hereafter referred to as Valley Com, is to provide improved consolidated emergency communications (dispatch) services for police, fire, and medical aid, to the five participating cities and to several subscribing agencies. Separate agreements between Valley Com and the subscribing agencies have been executed, which set forth conditions of services and rates charged. The allocation of prorated financial participation among the five participating cities is the percentage of estimated dispatched calls attributed to each jurisdiction compared to the total estimated dispatched calls for the current 12-month period ending December 31.

The 2017 cost distribution for the five (5) participating cities is as follows:

City	Dispatchable Calls	Percent of Total
Renton	87,220	20.09%
Kent	115,303	26.55%
Auburn	100,554	23.16%
Tukwila	36,635	8.44%
Federal Way	94,522	21.77%
Total	434,234	100.00%

Valley Com is governed by an Administration Board composed of the Mayors from the five participating cities of Renton, Kent, Auburn, Tukwila, and Federal Way. The Board is responsible for the following functions: (1) Adopting an annual budget after review by participating legislative bodies; (2) Appointment and/or discharge of the Director; (3) Approves personnel policy and makes final decisions on all major policy changes; (4) Reviews and approves all contracts.

In addition, an Operating Board was established and consists of two members of each participating City's Public Safety Departments, including the heads of such departments or their designees. The Operating Board performs the following functions: (1) Oversees the operation of Valley Com and advises and makes recommendations to the Administration Board; (2) Makes recommendation on Director selection; (3) Presents proposed policies and budgets to the Administration Board; (4) Approves disbursement of funds by the Director.

The Director presents a proposed budget to the Operating Board on or before August 15 of each year. The proposed budget is then presented to the Administration Board by September 1 of each year. The Administration Board can make changes to the proposed Valley Com budget as it finds necessary, but final approval falls to the legislative body of each participating city, in accordance with the provisions of the Interlocal Agreement.

The share of equity belonging to the five (5) participating cities is as follows:

ITEM	RENTON	KENT	AUBURN	TUKWILA	FEDERAL WAY	TOTAL
Equity January 1, 2017	\$ 4,531,544	\$ 6,314,604	\$ 4,504,828	\$ 2,391,872	\$ 3,484,568	\$ 21,227,416
Current Year Increase/(Decrease)	681,177	900,497	785,310	286,111	738,204	3,391,299
Equity December 31, 2017	\$ 5,212,721	\$ 7,215,101	\$ 5,290,138	\$ 2,677,983	\$ 4,222,772	\$ 24,618,715
Percent of Equity	21.17%	29.31%	21.49%	10.88%	17.15%	100.00%

Liabilities are the responsibility of the five participating cities in direct proportion to their equity position. In August 1993, Valley Com entered into an interlocal cooperation agreement, pursuant to RCW 39.34 RCW, with the sub-regions of King County, Seattle, and the Eastside Public Safety Communications Agency. This agreement governs the development, acquisition and installation of the 800 MHz emergency radio communications system funded by a \$57 million King County levy approved in November 1992. This agreement provides that upon voluntary termination of any sub-region's participation in the system, it surrenders its radio frequencies, relinquishes its equipment and transfers any unexpended levy proceeds and associated equipment replacement reserves to another sub-region or consortium of sub-regions. Thus, in accordance with this agreement, the participating cities of Valley Com have no equity interest in Valley Com's 800-MHz communications system.

During 2000, the Valley Communications Center Development Authority was created to issue \$12,758,000 in General Obligation Bonds to finance construction, equipment, and land for a new facility completed in 2002. Each of the five participating cities was responsible for one-fifth of the debt obligation, which originally was \$2,551,600 per City. The basic agreement shall not be terminated until all bonds issued by Valley Communications Center Development Authority have been paid and retired. The final payment on the bonds was made in 2015.

A complete set of financial statements are available from Valley Communications Center, 27519 108th Ave SE, Kent, WA 98030, or by telephone 253-372-1300.

South Correctional Entity (SCORE)

The South Correctional Entity (SCORE) consolidated correctional facility was established February 25, 2009, when an Interlocal Agreement (the "Original Interlocal Agreement") was entered into by seven participating municipal governments, the "Member Cities" of Auburn, Burien, Des Moines, Federal Way, Renton, SeaTac and Tukwila, under the authority of the "Interlocal Cooperation Act" (RCW 39.34). This "Original Interlocal Agreement" was amended and restated October 1, 2009 and named the City of Des Moines as the "Host City" and the remaining Member Cities as "Owner Cities". This interlocal agreement is known as the "Formation Interlocal Agreement". Pursuant to a separate "Host City Agreement" dated October 1, 2009, the Host City will not enjoy the same equity position as the Owner Cities until all debts issued are paid and the Host City fulfills all of its obligations as outlined in the Host City Agreement. Pursuant to SCORE financial policies, all unexpected funds or reserve funds shall be distributed based on the percentage of the Member City's average daily population at the SCORE Facility for the last three (3) years regardless of its Owner City or Host City status.

SCORE, a governmental administrative agency pursuant to RCW 39.34.030(3), has the power to acquire, construct, own, operate, maintain, equip, and improve a correctional facility known as the "SCORE Facility" and to provide correctional services and functions incidental thereto, for the purpose of detaining arrestees and sentenced offenders in the furtherance of public safety and emergencies within the jurisdiction of the Member Cities. The SCORE Facility may serve the Member Cities and Subscribing Agencies which are in need of correctional facilities. Any agreement with a Subscribing Agency shall be in writing and approved by SCORE as provided within the SCORE Formation Interlocal Agreement.

Financing for the acquisition, construction, equipping, and improvement of the SCORE Facility was provided by bonds issued by the South Correctional Entity Facility Public Development Authority (the "SCORE PDA"), a public development authority chartered by the City of Renton pursuant to RCW 35.21.730 through 35.21.755. The SCORE

PDA issued \$86 million in special obligation bonds in 2009 (the "Bonds") to construct, develop, acquire and equip the SCORE Facility. Pursuant to the Formation Interlocal Agreement and the ordinances of each city, each Owner City (which includes the Cities of Auburn, Burien, Federal Way, Renton, SeaTac, and Tukwila) is obligated to budget for and pay its share, and only its share, of the principal of and interest on the Bonds as the same become due and payable. Each Owner City's obligation to pay its portion is an irrevocable, unconditional full faith and credit obligation of such Owner City, payable from property taxes levied within the constitutional and statutory authority provided without a vote of the electors of the Owner City on all of the taxable property within the Owner City and other sources of revenues available therefor. The following is a summary of the debt service requirements for the Bonds:

SUMMARY OF DEBT SERVICE REQUIREMENTS

Debt Service Schedule					Debt Service Allocation to Owner Cities					
Year	Principal	Interest	BABs Subsidy	Total	Auburn 31%	Burien 4%	Federal Way 18%	Renton 36%	SeaTac 3%	Tukwila 8%
2018	\$ 2,240,000	\$ 4,715,979	\$ (1,512,496)	\$ 5,443,483	\$ 1,687,480	\$ 217,739	\$ 979,827	\$ 1,959,654	\$ 163,305	\$ 435,479
2019	2,310,000	4,602,229	(1,478,317)	5,433,912	1,684,513	217,357	978,104	1,956,208	163,017	434,713
2020	2,385,000	4,484,854	(1,440,560)	5,429,294	1,683,081	217,172	977,273	1,954,546	162,879	434,344
2021	2,465,000	4,363,604	(1,401,577)	5,427,027	1,682,378	217,081	976,865	1,953,730	162,811	434,162
2022	2,590,000	4,233,250	(1,500,618)	5,322,632	1,650,016	212,905	958,074	1,916,147	159,679	425,811
2023-2027	14,485,000	18,727,798	(6,710,481)	26,502,317	8,215,719	1,060,092	4,770,417	9,540,834	795,070	2,120,185
2028-2032	17,725,000	13,590,870	(4,959,695)	26,356,175	8,170,415	1,054,248	4,744,112	9,488,223	790,685	2,108,494
2033-2037	21,855,000	7,082,263	(2,731,829)	26,205,434	8,123,685	1,048,217	4,716,978	9,433,956	786,163	2,096,435
2038-2039	10,115,000	676,321	(353,824)	10,437,497	3,235,624	417,500	1,878,749	3,757,499	313,125	835,000
Totals	\$76,170,000	\$62,477,168	\$(22,089,397)	\$ 116,557,771	\$ 36,132,910	\$4,662,311	\$20,980,399	\$41,960,798	\$3,496,733	\$ 9,324,622

The City of Tukwila reports its share of equity interest in the Governmental Activities column within the Government-wide financial statements under assets. The following is condensed (unaudited) financial information as of December 31, 2017 related to SCORE. The share of equity belonging to the seven participating cities are as follows:

ITEM	AUBURN	BURIEN	DES MOINES	FEDERAL WAY	RENTON	SEATAC	TUKWILA	TOTAL
Equity January 1, 2017	\$ 3,115,334	\$ 324,602	\$ 166,583	\$ 2,292,265	\$ 2,941,503	\$ 434,029	\$ 703,323	\$ 9,977,639
Current Year Increase/(Decrease)	32,413	22,263	(3,248)	61,482	74,665	22,947	16,099	226,621
Equity December 31, 2017	\$ 3,147,747	\$ 346,865	\$ 163,336	\$ 2,353,747	\$ 3,016,168	\$ 456,976	\$ 719,422	\$ 10,204,261
Percent of Equity	30.85%	3.40%	1.60%	23.07%	29.56%	4.48%	7.05%	100.00%

The investment in joint venture for SCORE on the Statement of Net Position includes Tukwila's share of debt issued in 2009. The City's share of SCORE debt is \$5,914,400. See Note 10 for additional information on long-term debt. Completed financial statements for SCORE and SCORE PDA can be obtained from the SCORE, Attn: Finance Manager, 20817 17th Avenue South, Des Moines, WA 98198.

NOTE 8 – PENSION PLANS

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the year 2017:

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$ (11,613,653)
Pension assets	\$ 8,229,168
Deferred outflows of resources	\$ 2,475,258
Deferred inflows of resources	\$ (4,284,751)
Pension expense/expenditures	\$ 798,890

Washington State Department of Retirement Systems

Substantially all City of Tukwila full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380,
Olympia, WA 98504-8380

Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

A. Public Employees Retirement System (PERS) Plans 1, 2, and 3

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2017 were as follows:

PERS Plan 1		
Actual Contribution Rates:	Employer	Employee
January – June 2017		
PERS Plan 1	6.23%	6.00%
PERS Plan 1 UAAL	4.77%	
Administrative Fee	0.18%	
Total	11.18%	6.00%
July – December 2107		
PERS Plan 1	7.49%	6.00%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Total	12.70%	6.00%

The City of Tukwila did not contribute to PERS Plan 1 in 2017 as there are no employees covered under this plan. Although, \$789,712 of the PERS 2/3 contributions were allocated to the PERS 1 unfunded actuarial accrued liability (UAAL).

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2017 were as follows:

PERS Plan 2/3		
Actual Contribution Rates:	Employer 2/3	Employee 2
January – June 2017		
PERS Plan 2/3	6.23%	6.12%
PERS Plan 1 UAAL	4.77%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	11.18%	6.12%
July – December 2107		
PERS Plan 2/3	7.49%	7.38%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.70%	7.38%

The City of Tukwila actual contributions to the plan were \$1,902,973 for the year ended December 31, 2017.

Public Safety Employees' Retirement System (PSERS)

PSERS Plan 2 was created by the 2004 Legislature and became effective July 1, 2006. To be eligible for membership, an employee must work on a full time basis and:

- Have completed a certified criminal justice training course with authority to arrest, conduct criminal investigations, enforce the criminal laws of Washington, and carry a firearm as part of the job; or
- Have primary responsibility to ensure the custody and security of incarcerated or probationary individuals; or
- Function as a limited authority Washington peace officer, as defined in [RCW 10.93.020](#); or
- Have primary responsibility to supervise eligible members who meet the above criteria.

PSERS membership includes:

- PERS 2 or 3 employees hired by a covered employer before July 1, 2006, who met at least one of the PSERS eligibility criteria and elected membership during the period of July 1, 2006 to September 30 2006; and
- Employees hired on or after July 1, 2006 by a covered employer, that meet at least one of the PSERS eligibility criteria.

PSERS covered employers include:

- Certain State of Washington agencies (Department of Corrections, Department of Natural Resources, Gambling Commission, Liquor Control Board, Parks and Recreation Commission, and Washington State Patrol),
- Washington State Counties,

- Washington State Cities (except for Seattle, Spokane, and Tacoma),
- Correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

PSERS Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the average final compensation (AFC) for each year of service. The AFC is based on the member's 60 consecutive highest creditable months of service. Benefits are actuarially reduced for each year that the member's age is less than 60 (with ten or more service credit years in PSERS), or less than 65 (with fewer than ten service credit years). There is no cap on years of service credit. Members are eligible for retirement at the age of 65 with five years of service; or at the age of 60 with at least ten years of PSERS service credit; or at age 53 with 20 years of service. Retirement before age 60 is considered an early retirement. PSERS members who retire prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a three percent per year reduction for each year between the age at retirement and age 60 applies. PSERS Plan 2 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PSERS Plan 2 members are vested after completing five years of eligible service.

Contributions

The **PSERS Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The Plan 2 employer rates include components to address the PERS Plan 1 unfunded actuarial accrued liability and administrative expense currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates. In addition to the regular change in contribution rates on July 1, 2017, PSERS contribution rates changed again September 1, 2017 due to HB 1709, which allows PERS members meeting specific criteria to transfer service credit into PSERS as long as they and their employer pay the difference between the PERS and PSERS contribution rates.

The PSERS Plan 2 required contribution rates (expressed as a percentage of current-year covered payroll) for 2017 were as follows:

PSERS Plan 2		
Actual Contribution Rates:	Employer	Employee
January – June 2017		
PSERS Plan 2	6.59%	6.59%
PERS Plan 1 UAAL	4.77%	
Administrative Fee	0.18%	
Total	11.54%	6.59%
July – August 2017		
PSERS Plan 2	6.73%	6.73%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Total	11.94%	6.73%
September – December 2017		
PSERS Plan 2	6.74%	6.74%
PERS Plan 1 UAAL	5.03%	
Administrative Fee	0.18%	
Total	11.95%	6.74%

The City of Tukwila actual contributions to the plan were \$15,143 for the year ended December 31, 2017.

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)

LEOFF membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians. LEOFF is comprised of two separate defined benefit plans.

LEOFF Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

- 20+ years of service – 2.0% of FAS
- 10-19 years of service – 1.5% of FAS
- 5-9 years of service – 1% of FAS

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

Starting on July 1, 2000, **LEOFF Plan 1** employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan 1 had no required employer or employee contributions for fiscal year 2017. Employers paid only the administrative expense of 0.18 percent of covered payroll.

LEOFF Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions

The **LEOFF Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate included an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2017 were as follows:

LEOFF Plan 2		
Actual Contribution Rates:	Employer	Employee
January – June 2017		
State and local governments	5.05%	8.41%
Administrative Fee	0.18%	
Total	5.23%	8.41%
July – December 2017		
State and local governments	5.25%	8.75%
Administrative Fee	0.18%	
Total	5.43%	8.75%

The City of Tukwila actual contributions to the plan were \$844,098 for the year ended December 31, 2017.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2017, the state contributed \$62,155,262 to LEOFF Plan 2. The amount recognized by the City of Tukwila as its proportionate share of this amount is \$515,721.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2017 with a valuation date of June 30, 2016. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study* and the *2015 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2016 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2017. Plan liabilities were rolled forward from June 30, 2016, to June 30, 2017, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 3.0% total economic inflation; 3.75% salary inflation
- **Salary increases:** In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.5%

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were changes in methods and assumptions since the last valuation.

- For all plans, except LEOFF Plan 1, how terminated and vested member benefits are valued was corrected.
- How the basic minimum COLA in PERS Plan 1 is valued for legal order payees was improved.
- For all plans, the average expected remaining service lives calculation was revised.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.5 percent.

To determine that rate, an asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.7 percent except LEOFF 2, which has assumed 7.5 percent). Consistent with the long-term expected rate of return, a 7.5 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.5 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.5 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.70%
Tangible Assets	5%	4.90%
Real Estate	15%	5.80%
Global Equity	37%	6.30%
Private Equity	23%	9.30%
	100%	

Sensitivity of the Net Pension (Liability)/Asset

The table below presents the City of Tukwila proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City of Tukwila proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate.

	1% Decrease 6.50%	Current Rate 7.50%	1% Increase 8.50%
PERS 1	12,963,094	10,641,264	8,630,063
PERS 2/3	25,137,481	9,330,551	(3,620,883)
PSERS 2	380,741	56,704	(197,361)
LEOFF 1	(1,532,542)	(2,066,074)	(2,524,257)
LEOFF 2	1,679,272	(7,760,092)	(15,450,892)

Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Pension (Liabilities)/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the City of Tukwila reported a pension asset of \$8,229,168 and a pension liability of \$11,659,254 for its proportionate share of the net pension liabilities as follows:

	(Asset)/Liability
PERS 1	\$ 6,029,001
PERS 2/3	\$ 5,621,325
PSERS 2	\$ 8,928
FIREMENS PENSION	\$ (45,601)
LEOFF 1	\$ (1,245,425)
LEOFF 2	\$ (6,983,743)

The amount of the asset reported above for LEOFF Plan 1 and 2 reflects a reduction for State pension support provided to the City of Tukwila. The amount recognized by the City of Tukwila as its proportionate share of the net pension (liability)/asset, the related State support, and the total portion of the net pension asset that was associated with the City of Tukwila were as follows:

	LEOFF 1 Asset
LEOFF 1 - employer's proportionate share	(1,245,425)
LEOFF 1 - State's proportionate share of the net pension asset associated with the employer	(8,424,025)
TOTAL	(9,669,450)

	LEOFF 2 Asset
LEOFF 2 - employer's proportionate share	(6,983,743)
LEOFF 2 - State's proportionate share of the net pension asset associated with the employer	(4,530,224)
TOTAL	(11,513,967)

At June 30, the City of Tukwila proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/16	Proportionate Share 6/30/17	Change in Proportion
PERS 1	0.131354%	0.127058%	-0.004296%
PERS 2/3	0.166622%	0.161787%	-0.004835%
PSERS 2	0.048428%	0.045565%	-0.002863%
LEOFF 1	0.077890%	0.082086%	0.004196%
LEOFF 2	0.510663%	0.503269%	-0.007394%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2017. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2017, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2017, the state of Washington contributed 39.35 percent of LEOFF 2 employer contributions pursuant to [RCW 41.26.725](#) and all other employers contributed the remaining 60.65 percent of employer contributions.

The collective net pension liability (asset) was measured as of June 30, 2017, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2016, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2017, the city of Tukwila recognized pension expense as follows:

	Pension Expense
PERS 1	141,546
PERS 2/3	621,363
PSERS 2	12,312
LEOFF 1	(245,635)
LEOFF 2	246,679
FIREMEN'S PENSION	22,625
TOTAL	798,890

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2017, the City of Tukwila reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	-
Net difference between projected and actual investment earnings on pension plan investments	-	(224,985)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date	\$403,522	
TOTAL	\$403,522	(\$224,985)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$569,573	(\$184,876)
Net difference between projected and actual investment earnings on pension plan investments	\$0	(1,498,510)
Changes of assumptions	\$59,709	-
Changes in proportion and differences between contributions and proportionate share of contributions	\$0	(392,461)
Contributions subsequent to the measurement date	\$591,332	
TOTAL	\$1,220,614	(\$2,075,847)

PSERS 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$5,280	(634)
Net difference between projected and actual investment earnings on pension plan investments	\$0	(6,262)
Changes of assumptions	\$76	-
Changes in proportion and differences between contributions and proportionate share of contributions	\$0	(909)
Contributions subsequent to the measurement date	\$3,307	
TOTAL	\$8,663	(\$7,805)

LEOFF 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	-
Net difference between projected and actual investment earnings on pension plan investments	\$0	(115,729)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date		
TOTAL	\$0	(\$115,729)

LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$306,949	(264,835)
Net difference between projected and actual investment earnings on pension plan investments	\$0	(1,567,899)
Changes of assumptions	\$8,410	-
Changes in proportion and differences between contributions and proportionate share of contributions	104,256	(\$27,650)
Contributions subsequent to the measurement date	\$422,845	
TOTAL	\$842,459	(\$1,860,385)

Deferred outflows of resources related to pensions resulting from the City of Tukwila contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	PERS 1
2018	(268,416)
2019	84,743
2020	(19,676)
2021	(193,753)
2022	
Thereafter	
TOTAL	(397,102)

Year ended December 31	PERS 2/3
2018	(739,269)
2019	44,411
2020	(172,268)
2021	(630,952)
2022	22,397
Thereafter	29,116
TOTAL	(1,446,565)

Year ended December 31	PSERS
2018	(1,455)
2019	1,005
2020	191
2021	(1,426)
2022	(130)
Thereafter	(636)
TOTAL	(2,449)

Year ended December 31	LEOFF 1
2018	(72,630)
2019	19,588
2020	(7,822)
2021	(54,865)
2022	
Thereafter	
TOTAL	(115,729)

Year ended December 31	LEOFF 2
2018	(715,664)
2019	167,754
2020	(102,984)
2021	(669,460)
2022	(21,503)
Thereafter	(98,912)
TOTAL	(1,440,770)

Firemen's Pension System

Summary of Significant Accounting Policies

Investments are valued and reported at fair value.

Plan Description

Plan Administration: The Firefighters' Pension Fund is administered by the City of Tukwila. The plan is a single-employer defined benefit pension plan that provides pensions for firefighters that were hired prior to 1970.

The firefighters' pension board consists of the following five members: the chairperson of the fire commissioners for said district who shall be chairperson of the board, the county auditor, county treasurer, and in addition, two regularly employed or retired firefighters elected by secret ballot of the employed and retired firefighters. Retired members who are subject to the jurisdiction of the pension board have both the right to elect and the right to be elected under this section. The first members to be elected by the firefighters shall be elected annually for a two-year term. The two firefighter-elected members shall, in turn, select a third eligible member who shall serve in the event of an absence of one of the regularly elected members.

Plan membership is limited to active members of the Firefighters' Pension Fund (FPF) as of March 1, 1970. On that date, the Washington Law Enforcement Officers' and Firefighters' System (LEOFF) was established. FPF is responsible for paying the pensions of those members retired prior to March 1, 1970 and for providing the "excess benefit", the excess of FPF formula benefits over the LEOFF benefits. Therefore, the plan is closed to new members. At December 31, 2017, FPF membership consisted of the following:

Type of Membership	Total
Inactive plan members retired prior to March 1, 1970	0
Inactive plan members retired March 1, 1970 or after	10
Active Plan Members	0
Total	<u>10</u>

Benefits Provided

All benefit terms are in statutes RCW 41.16, 41.18, and 41.26. FPF provides retirement, disability, and death benefits. Each firefighter in service on March 1, 1970 receives the greater of the benefit payable under the Washington Law Enforcement Officers' and Firefighters' Retirement System and the benefits available under the provisions of prior law. Where benefits under the old law exceed those under the new law for any firefighter, the excess benefits are paid from the FPF of the city employing the member on March 1, 1970.

All members are retired and drawing benefits. Benefit terms provide for cost-of-living adjustments to each member's retirement benefit. There are two types of increases: escalation by salary in proportion to the current salary of the rank from which the firefighter retired, or an increase proportionate to the increase in the Seattle-area CPI, with the change computed annually. Regardless of the increase (or decrease) in the CPI, the benefits are increased at least 2% each year. The former applies to firefighters who retired from service after 1969, their survivors, and to firefighters who retired for duty disability (but not their survivors) after 1961. The latter applies to all other types of monthly benefits.

Contributions

As long as the FPF provides for benefits to covered members, the City will be eligible to receive a share of the State's distribution of the fire insurance premium taxes. The amount the City receives is 25% of all monies received by the State from taxes on fire insurance premiums. Contributions can also come from taxes paid pursuant to the provisions of RCW 41.16.060. This statute requires that each municipality levy up to \$0.45 (only \$0.225 of which can be in excess of the property tax limit pursuant to RCW 84.52.043) per \$1,000 of assessed valuation, based on reports by a qualified actuary, to maintain the fund.

The actuarial assumptions were provided by an independent actuary.

Investments

It is the policy of the City of Tukwila to invest public funds in a manner that will provide maximum security with the highest investment return while meeting the daily cash flow demands of the City, while conforming to all state and local statutes governing the investment of public funds.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amount actually invested.

Concentrations. Approximately 70% of investments are in a long-term government bond.

City's Net Pension Liability

The components of the City's net pension liability at December 31, 2017 are as follows:

Total pension liability	\$	1,414,962
Less: Plan fiduciary net position		-1,460,563
City's net pension liability	\$	-45,601
Plan fiduciary net position as a percentage of the total pension liability		103.22%

Schedule of Changes in the City's Net Pension Liability and Related Ratios				
Total Pension Liability	2014	2015	2016	2017
Service cost	-	-	-	-
Interest	50,098	49,716	49,332	38,796
Changes of benefit terms	-	-	-	-
Difference between expected & actual experience	-	(2,442)	(311,190)	-
Changes of assumptions	-	-	(62,728)	-
Benefits payments, included refunds of employee contributions	(61,863)	(58,277)	(59,988)	(69,186)
Net change in total pension liability	(11,765)	(11,003)	(384,574)	(30,390)
Total pension liability - beginning	1,852,693	1,840,928	1,829,925	1,445,351
Total pension liability - ending (a)	1,840,928	1,829,925	1,445,351	1,414,961
Plan Fiduciary Net Position				
Contributions - employer	64,114	63,590	66,360	68,848
Contributions - employee	-	-	-	-
Net investment income	1,805	2,667	7,988	39,157
Benefit payments, including refunds of employee contributions	(61,863)	(58,277)	(59,988)	(69,186)
Administrative expense	-	(4,500)	(4,500)	(4,624)
Other	-	-	-	-
Net change in plan fiduciary net position	4,056	3,480	9,860	34,195
Plan fiduciary net position - beginning	1,408,970	1,413,026	1,416,506	1,426,366
Plan fiduciary net position - ending (b)	1,413,026	1,416,506	1,426,366	1,460,561
City's net pension liability - ending (a) - (b)	427,902	413,419	18,985	(45,600)
Plan fiduciary net position as a percent of total pension liability	76.76%	77.41%	98.69%	103.22%
Covered employee payroll	-	-	-	-
City net pension liability as a percent of covered employee payroll	n/a	n/a	n/a	n/a

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2017, the City of Tukwila reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	-
Net difference between projected and actual investment earnings on pension plan investments	60,482	-
Totals	\$60,482	-

Deferred outflows of resources related to pensions resulting from the City of Tukwila contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2018	22,625
2019	15,231
2020	15,231
2021	-
2022	-

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.75%
Investment rate of return	2.75%

Healthy life mortality rates were based on the RP-2014 mortality table, total dataset, fully generational projected with Scale MP-2014, set back one year for males and set forward one year for females. Disabled life mortality rates were based on the RP-2014 mortality table, total dataset, fully generational projected with Scale MP-2014, set back two years for males and females.

The long-term expected rate of return on pension plan investments assumption was based on the nature and mix of current and expected pension plan assets over a period of time representative of the expected length of time between the first day of service and date of the last benefit payment.

The discount rate used to measure the total pension liability was 2.75%. The projection of cash flows used to determine the discount rate assumed City contributions were equal to revenue received from Fire Insurance premiums and the amount received would increase at the inflation rate of 2.75%. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payment of

current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the Firemen's net pension liability of the City, calculated using the discount rate of 2.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower, 2.75%, or 1-percentage point higher, 3.75%, than the current rate:

Firemen's net pension liability	1% Decrease	Current Discount Rate	1% Increase
	\$ 136,435	\$ (45,601)	\$ (199,362)

Basis of Valuation

A general summary of the substantive plan used as the basis of the valuation follows.

Applicable Statutes	RCW 41.16, 41.18, 41.26
Benefits	Each firefighter in service on March 1, 1970 receives the greater of the benefit payable under LEOFF or FPF. Where benefits under the old law exceed those under the new for any firefighter, the excess benefits are paid from the FPF of the city employing the member on March 1, 1970.

Service Retirement Benefit

Member	Eligibility: age 50 and 25 years of service (RCW 41.18.040) or Age 50 and five years of service (RCW 41.26.090). Amount of benefit: 50% of salary plus an additional 2% for each year of service in excess of 25 years. Maximum benefit of 60% of salary (does not apply for those retiring after July 1, 2006).
Survivor	Eligibility: spouse or child Amount of benefit: continuation of the firefighter's benefit. (If spouse — same, plus additional 5% of salary per child. If no spouse — 30% of salary for first child, 10% for each additional child. Maximum of 60% of salary).

Duty Disability Retirement Benefit

Member	Eligibility: disabled after six-month waiting period. Amount of benefit: determined the same as Service Retirement Benefit. Recovery: restoration to service.
Survivor	See Survivor's Benefit section under Service Retirement.

Non Duty Disability Retirement Benefit

Member	Eligibility: disabled after 90-day waiting period. Amount of benefit: 50% of salary, or service retirement benefit, if greater. Recovery: see Duty Disability Retirement. Limitations: no benefits payable if firefighter employed elsewhere when disabled.
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Survivor	<p>Eligibility: spouse or child</p> <p>Amount of benefit:</p> <p>33.3% to widow or children only.</p> <p>45.8% to widow and one child.</p> <p>47.6% to widow and two children.</p> <p>50.0% to widow and three children.</p>
Duty Death Benefit	<p>Eligibility: spouse or child</p> <p>Amount of benefit: If spouse — 50% of salary plus an additional 5% of salary per child; maximum benefit of 60% of salary. If no spouse — 50% of salary to children.</p>
Non Duty Death Benefit	<p>Eligibility: spouse or child</p> <p>Amount of benefit: provisions the same as Survivor's Benefit under Non-Duty Disability Retirement.</p>
Special Provisions	Under disability or death benefits, a surviving spouse may elect a lump-sum payment of \$5,000 in lieu of future monthly benefits.
Vesting	Termination after 20 years of service (RCW 41.18.130) or five years of service (RCW 41.26.090).
Deferred Benefit	<p>Commences: when a firefighter would have had 25 years of service (RCW 41.18.130) or age 50 (RCW 41.26.090).</p> <p>Amount of benefit: 2% of salary for each year of service. Other provisions apply, see statutes.</p> <p>Death while vested prior to commencement of benefits: payment of firefighters deferred benefit to spouse or child.</p>
Postretirement Increase	
Benefits Payable Under LEOFF	Annual increase proportionate to the increase in the Seattle-area CPI. Minimum increase at least 2% each year.
Type 1	Escalation by salary in proportion to current salary or rank from which the firefighter retired.
Type 2	Annual increase proportionate to the increase in the Seattle-area CPI. Minimum increase at least 2% each year.
Applicability	Type 1 applies to firefighters who retired from service after 1969, their survivors, and to firefighters who retired for duty disability (but not their survivors) after 1961. Type 2 applies to all other types of monthly benefits
Minimum Benefit	After April 25, 1973, a minimum benefit of \$300 per month to all retired firefighters and their survivors. This minimum is increased by the CPI.
Funeral Benefit	\$500 RCW 41.18.140, no provision under RCW 41.26.

Participant Summary

December 31, 2017

Age and service determined as of the census date.

LEOFF Plan 1 (Firemen's Pension) Inactive Participants				
Age	Service Retirees	Disabled Retirees	Surviving Spouses	Total
< 65	0	0	0	0
65 – 69	0	0	0	0

70 – 74	1	1	1	3
75 – 79	1	1	2	4
80 – 84	0	1	1	2
85 - 89	1	0	0	1
90 +	0	0	0	0
Total	3	3	4	10

Monthly pension amounts as of January 1, 2017:

Paid by City	Paid by LEOFF
\$4,928	\$36,752

The information presented in the preceding required schedules were determined as part of the actuarial valuations at the dates indicated.

The key actuarial assumptions used for the December 31 valuation were:

Assumption	Rates
Actuarial Cost Method	Entry Age
Asset Valuation Method	Fair Market Value
Measurement Date	December 31, 2016 (Projected to December 31, 2017)
Inflation Rate	2.75%
Discount Rate (or Investment Return)	We based the long-term expected rate of return on pension plan investments assumption on the nature and mix of current and expected pension plan assets over a period of time representative of the expected length of time between the first day of service and date of the last benefit payment. The rate of 2.75% was selected.
Cost of Living	2.75%, based on SSA OASDI 2016 report.
Salary Increases (for calculated benefit increases based on rank)	3.75%, based on SSA OASDI 2016 report.
Healthy Mortality	RP-2014 mortality table, total dataset, fully generational with mortality improvement scale MP-2016 setback one year for males and set forward one year for females.
Disabled Mortality	RP-2014 mortality table, total dataset, fully generational with mortality improvement scale MP-2016 set forward two years for males and females.
Turnover	n/a
Disability	n/a

Retirement	n/a
Spouse Age	We assumed that wives are three years younger than husbands.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

During the year ended December 31, 2008, the City elected to adopt the provisions of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (GASB No. 45), which requires the City to accrue other postemployment benefits (OPEB) expense related to its postretirement healthcare plan based on a computed annual required contribution (ARC) that includes the current period's service cost and an amount to amortize unfunded actuarial accrued liabilities. Instead of recording expense on a "pay-as-you-go" basis, the City, under GASB No. 45, has recorded a liability of \$10,487,883 for the difference between the actuarially calculated ARC and the estimated contributions made since the adoption of GASB No. 45. This liability is included in other noncurrent liabilities in the accompanying December 31, 2017 statement of net position. The effect of GASB No. 45 for the current fiscal year was to decrease the City's excess of revenue over expenses before capital contributions and the City's increase in net position for the year ended December 31, 2017 by \$1,309,047.

Plan Description

The City of Tukwila's LEOFF Plan 1 (the Health Plan) is a single-employer defined-benefit healthcare plan administered by the City. The authority to establish and amend benefits is determined by the LEOFF board. The Health Plan provides medical, prescription drug, dental, Medicare Part B premiums, long-term care, and vision expenses for LEOFF Plan 1 retirees. Dependent spouses and children are not covered. The Health Plan's actuary is Healthcare Actuaries. The Health Plan does not issue a separate standalone financial report.

Funding Policy

The City does not require retiree contributions. All benefits are paid in full by the City. For the fiscal year ended December 31, 2017, the City contributed \$943,150 to the Health Plan through use of existing fund balance. The City's contribution was entirely to fund 'pay-as-you-go' costs under the Health Plan and not to prefund benefits. There were no retiree contributions.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize unfunded actuarial liabilities over a period not to exceed ten years. The following tables show the components of the City's annual OPEB cost for the current year and prior two years, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

ANNUAL OPEB COST AND NET OPEB OBLIGATION

	2015	2016	2017
Annual required contribution (ARC)	\$ 2,585,779	\$ 2,765,486	\$ 2,883,884
Interest on Net OPEB Obligation	146,904	178,623	252,418
Adjustment to ARC	(452,441)	(634,666)	(884,105)
Annual OPEB cost (expense)	2,280,242	2,309,443	2,252,197
Employer contributions	(477,292)	(275,530)	(943,150)
Change in Net OPEB Obligation	1,802,950	2,033,913	1,309,047
Net OPEB Obligation at Beginning of year	5,341,973	7,144,923	9,178,836
Net OPEB Obligation at End of year	\$ 7,144,923	\$ 9,178,836	\$ 10,487,883

The net OPEB obligation of \$10,487,883 is included as a non-current liability on the Statement of Net Position.

ANNUAL DEVELOPMENT OF OPEB COST

Fiscal Year Ended	Annual Required Contribution	Interest on Net OPEB Obligation	ARC Adjustment	Annual OPEB Cost	Total Employer Contributions	Change in Net OPEB Obligation	Net OPEB Obligation Balance	(Gain)/ Loss
2008	\$ 1,366,284	\$ -	\$ -	\$1,366,284	\$ 557,103	\$ 809,181	\$ 809,181	\$ 809,181
2009	1,366,284	40,459	61,839	1,344,904	335,265	1,009,639	1,818,820	1,031,019
2010	1,366,284	90,941	143,332	1,313,893	317,771	996,122	2,814,942	1,048,513
2011	1,264,522	112,598	213,809	1,163,311	335,090	828,221	3,643,163	929,432
2012	1,264,522	145,727	287,945	1,122,304	404,007	718,297	4,361,460	860,515
2013	1,264,522	174,458	359,904	1,079,076	878,755	200,321	4,561,781	385,767
2014	1,903,679	171,067	388,580	1,686,166	905,974	780,192	5,341,973	997,705
2015	2,585,779	146,904	452,441	2,280,242	477,292	1,802,950	7,144,923	2,108,487
2016	2,765,486	178,623	634,666	2,309,443	275,530	2,033,913	9,178,836	2,489,956
2017	2,883,884	252,418	884,105	2,252,197	943,150	1,309,047	10,487,883	1,940,734

* Based on a 21-year closed amortization as of January 1, 2008

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

PERCENTAGE OF ANNUAL OPEB COST CONTRIBUTED

Fiscal Year Ending	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2015	2,280,242	477,292	20.9%	7,144,923
December 31, 2016	2,309,443	275,530	11.9%	9,178,836
December 31, 2017	2,252,197	943,150	41.9%	10,487,883

Funded Status and Funding Progress

As of January 1, 2017, the most recent actuarial accounting update, the plan was 0% funded. The actuarial accrued liability for benefits was \$29.1 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$29.1 million and a funded ratio of 0%. The funded ratio is 0%, because the City funds benefits on a pay-as-you-go basis.

SCHEDULE OF FUNDING PROGRESS (rounded to thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Normal (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a ÷ b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) ÷ c)
January 1, 2014	\$0	\$21,264,000	\$21,264,000	0.0%	n/a	n/a
January 1, 2015	\$0	\$29,538,048	\$29,538,048	0.0%	n/a	n/a
January 1, 2017	\$0	\$29,054,716	\$29,054,716	0.0%	n/a	n/a

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. GASB 45 requires that the schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of Health Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

The basis of projections of benefits for financial reporting purposes is the substantive plan (the Health Plan as understood by the City and members of the Health Plan) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and Members of the Health Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The January 1, 2015 valuation used the entry age normal actuarial cost method. The actuarial assumptions included a 2.75% investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of 9.0% for pre-Medicare expenses, to an ultimate rate of 3.8% after 61 years. The Medicare trend assumption is 6.5%, to an ultimate rate of 3.8% after 61 years. The dental trend assumption is 5.5%, to an ultimate rate of 3.5% after 4 years. The Medicare premium trend rate is 5.4% for all years. The long-term care trend rate is 5.0% for all years. The trend for the Excise Tax threshold is 0% until 2020, when a trend rate of 4.24% is used. The trend for all future years after that year is 3.24%. All trend rates include a 3.0% inflation assumption. The UAAL is amortized as a level dollar amount on a closed basis over 21 years beginning January 1, 2008. The remaining amortization period at December 31, 2017 was 11.0 years.

Assumption	Rates
Actuarial Cost Method	Entry Age Normal method.

Measurement Date	January 1, 2015 (Projected to December 31, 2017)																																							
Inflation Rate	3.00%																																							
Discount Rate (or Investment Return)	Selected the assumed discount rate of 2.75% based on the five-year average investment yield on the investments expected to finance the payment of benefits.																																							
Healthy Mortality	RPH-2014 mortality table (headcount weighted), total dataset, fully generational with mortality improvement scale MP-2014 setback one year for males and set forward one year for females.																																							
Disabled Mortality	RPH-2014 mortality table (headcount weighted), total dataset, fully generational with mortality improvement scale MP-2014 set forward two years for males and females.																																							
Turnover	None assumed. All LEOFF 1 actives are fully eligible for retirement.																																							
Per Capita Claims Cost	Assumed annual per capita claims costs are as follows: <table><tr><td>Age</td><td>Medical/Rx</td><td>Dental</td><td>Vision</td><td>LTC</td></tr><tr><td>55</td><td>\$ 21,875</td><td>\$ 966</td><td>\$ 181</td><td>\$ 133</td></tr><tr><td>60</td><td>28,071</td><td>966</td><td>181</td><td>220</td></tr><tr><td>65</td><td>15,406</td><td>966</td><td>181</td><td>448</td></tr><tr><td>70</td><td>16,924</td><td>966</td><td>181</td><td>1,183</td></tr><tr><td>75</td><td>17,984</td><td>966</td><td>181</td><td>3,028</td></tr><tr><td>80</td><td>18,348</td><td>966</td><td>181</td><td>6,499</td></tr></table>					Age	Medical/Rx	Dental	Vision	LTC	55	\$ 21,875	\$ 966	\$ 181	\$ 133	60	28,071	966	181	220	65	15,406	966	181	448	70	16,924	966	181	1,183	75	17,984	966	181	3,028	80	18,348	966	181	6,499
Age	Medical/Rx	Dental	Vision	LTC																																				
55	\$ 21,875	\$ 966	\$ 181	\$ 133																																				
60	28,071	966	181	220																																				
65	15,406	966	181	448																																				
70	16,924	966	181	1,183																																				
75	17,984	966	181	3,028																																				
80	18,348	966	181	6,499																																				
Aging or Morbidity Factors	Aging/morbidity factors are included in the per capita claims costs shown above (except dental and vision).																																							
Medicare Part B Premium Reimbursements	The City reimburses Medicare retirees for Part B premiums. The 2015 annual premium is \$1,258.80.																																							
Affordable Care Act (ACA) Excise Tax Threshold	Single	Ages 55-64 \$ 11,850	All Other \$ 10,200																																					
ACA Base Premium	Assumed annual plan costs upon which the ACA tax calculation is based: Medicare ineligible \$ 28,071 Medicare eligible \$ 16,557																																							
ACA Tax	• We assumed a 40% excise tax rate on premiums above the ACA threshold. • We assumed the City of Tukwila pays no federal taxes. • We assumed the excise tax will apply to medical/Rx and Medicare premium reimbursements.																																							
Trend Rates	Medical Long-Term Trends* from Getzen SOA Model version 2014 b using baseline assumptions.																																							

Year	Pre-Medicare	Medicare	Dental	Vision	Part B Premiums	Long-Term Care	Excise Tax Threshold
2015	9.00%	6.50%	5.5%	4.0%	5.4%	5.0%	0.00%
2016	7.50%	6.50%	5.0%	4.0%	5.4%	5.0%	0.00%
2017	6.50%	6.00%	4.5%	4.0%	5.4%	5.0%	0.00%
2018	5.50%	5.50%	4.0%	4.0%	5.4%	5.0%	4.24%
2019	5.50%	5.50%	3.5%	3.5%	5.4%	5.0%	3.24%
2020	5.46%	5.46%	3.5%	3.5%	5.4%	5.0%	3.24%
2021-2074	---	---	3.5%	3.5%	5.4%	5.0%	3.24%
2075+	3.80%	3.80%	3.5%	3.5%	5.4%	5.0%	3.24%

* The trend rates include assumed inflation of 3% for all future years.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, provides the multi-year trend information showing whether the actuarial value of plan assets is increasing or decreasing over time relative to the actual.

NOTE 10 – LONG-TERM LIABILITIES

Governmental Activities Long-Term Debt

General Obligation Bonds are direct obligations of the City for which its full faith and credit are pledged. Debt service for voter-approved issues, of which the City has one, are funded by special property tax levies. Debt service for City Council authorized bonds, also called councilmanic bonds, is funded from regular property taxes, sales taxes, or other general revenues, and is generally paid from debt service funds. The City currently maintains a rating of Aa3 from Moody's Investor Service and AA from Standard & Poor's.

General Obligation Bonds outstanding at year-end are as follows:

- 2008 LTGO bonds were issued to refund the remaining debt of the 1999 LTGO bonds. The 1999 LTGO bonds were issued to purchase an additional City Hall Annex (6300 building) and economic revitalization projects.
- 2010 LTGO bonds were issued for the construction and realignment of Southcenter Parkway in the Tukwila South Annexation area and for the cost of emergency preparedness capital and other equipment.
- 2011 LTGO refunding bonds were issued to refund a portion of the bonds issued in 2003 for the City's Arterial Street program.
- 2013 LTGO bonds were issued and the proceeds loaned to the Tukwila Metropolitan Park District to pay for improvements to the pool.
- 2014 LTGO bonds were issued to fund the purchase of land acquisition and capital costs of redevelopment activities within the City's Tukwila International Boulevard (TIB) urban renewal area.
- 2015 LTGO bonds were issued to pay for improvements to Interurban Avenue South and reconstruct or retrofit Boeing Access Road Bridge.

- 2016 UTGO bonds in the amount of \$32.99 million were issued after voters approved a \$77.385 million bond measure that will fund a justice center, rebuild 3 fire stations and provide fire apparatus and life-safety equipment replacement for 20 years.
- 2017 LTGO bonds were issued to fund residential street improvements including adding sidewalks and undergrounding utilities on 42nd and 53rd Avenues.
- 2017 refunding bond was issued to pay off the 2014 general obligation bond in the form of a line-of-credit that was utilized to purchase property and pay for capital costs of redevelopment activities within the City's Urban Renewal area.

Special assessment bonds are issued to finance construction of local improvement district (LID) projects and are repaid through assessments collected from property owners benefiting from related improvements. Although the bonds are secured by liens against assessed properties, the City is required under state law to establish a guaranty fund to provide a means of paying LID bond debt service obligations in the event there are insufficient resources in the LID debt service fund. The special assessment bonds are not general obligation debt but the City is obligated in some manner to cover the interest on the bonds. Therefore, the bonds are reported as Special Assessment Debt with Governmental Commitment.

Special assessments outstanding at year-end are as follows:

- 2013 special assessment bonds LID No. 33 were issued to reimburse the City for a portion of the costs of a major reconstruction of Klickitat and Southcenter Parkway to improve access to the urban center.

Business-Type Activities Long-Term Debt

Revenue bond indebtedness issued to fund proprietary activities is recorded in proprietary funds. Debt service payments are made from operating revenues generated by the proprietary funds. In proprietary funds, bonds are displayed net of unamortized premium or discount; annual interest expense is decreased by amortization of debt premium and increased by the amortization of debt discount. The City currently does not maintain a rating from any of the rating agencies because the outstanding revenue bonds are in private placement.

Revenue bonds outstanding at year-end are as follows:

- 2015 water/sewer/SWM bonds were issued to refund the remaining debt of the 2006 revenue bonds. The bonds were issued to provide neighborhood revitalization to Allentown and Foster Point Sewer system.

State of Washington Public Works Trust Fund Loans are a low interest rate loans available from the State of Washington Department of Commerce, Local Government & Infrastructure Division for qualifying projects and are a direct responsibility of the City. This debt is repaid by proprietary fund revenues.

Public Works Trust Fund loans outstanding at year-end are as follows:

- 2003 loan to install new sewers in the Duwamish neighborhood. The project upgraded water and surface water infrastructure.
- 2004 loan to install new water, sewer, and surface water infrastructure in Allentown and Foster Point neighborhoods. Additionally, 2 new sewer lift stations with generators, 33 manholes and catch basins, and 15 new fire hydrants were installed.
- 2004 loan constructed an underground collection system in the Cascade View neighborhood.

- 2014 loan to install sewer liners in the City's commercial business district of Southcenter. Relining the sewer main avoids full excavation for a significant savings and has minimal impact to the roadway.

The City is in compliance with all Washington State debt limitation statutes and bond indenture agreements.

The schedules that follow summarize the long-term debt transactions of the City for the year ended December 31, 2017.

CHANGES IN LONG-TERM LIABILITIES SUMMARY – GOVERNMENTAL ACTIVITIES

	GENERAL OBLIGATION	SPECIAL ASSESSMENT	COMPENSATED ABSENCES	DUE TO OTHER GOVERNMENTS	OTHER POST EMPLOY- MENT BENEFITS	NET PENSION LIABILITY	TOTAL
Outstanding 01/01/2017	\$ 54,114,932	\$ 5,412,500	\$ 3,774,201	\$ 6,093,600	\$ 9,178,836	\$ 12,943,779	\$ 91,517,848
Added	10,456,000	-	3,607,977	-	1,309,047	-	15,373,024
Retired / redeemed	(5,356,427)	(607,500)	(3,798,673)	(179,200)	-	(3,198,726)	(13,140,526)
Outstanding 12/31/2017	\$ 59,214,505	\$ 4,805,000	\$ 3,583,505	\$ 5,914,400	\$ 10,487,883	\$ 9,745,053	\$ 93,750,346
Add Premiums, Subtract Discounts							4,447,881
Total Long-Term Liabilities							\$ 98,198,227

Debt Service to Maturity

Following are schedules showing the debt service requirements to maturity for the City's long-term debt, excluding compensated absences, OPEB, and pensions.

	Governmental Activities						
Year Ended December 31	General Obligation Bonds		Due to Other Governments		Special Assessments		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2018	\$ 3,607,196	\$ 2,481,932	\$ 184,800	\$ 243,173	\$ 485,000	\$ 257,655	\$ 7,259,755
2019	3,828,521	2,322,847	190,800	237,069	445,000	243,638	7,267,875
2020	2,051,461	2,146,167	197,200	229,039	445,000	223,613	5,292,479
2021	2,195,560	2,069,141	207,200	220,332	445,000	203,588	5,340,821
2022	5,147,766	1,981,399	214,800	212,579	445,000	183,563	8,185,106
2023-2027	13,528,000	7,721,086	1,204,800	926,103	2,225,000	594,075	26,199,064
2028-2032	14,917,000	4,794,014	1,478,000	644,978	315,000	71,756	22,220,748
2033-2037	13,939,000	1,473,157	1,048,000	222,227	-	-	16,682,384
2038-2040	-	-	1,188,800	78,130	-	-	1,266,930
Totals	\$ 59,214,505	\$ 24,989,741	\$ 5,914,400	\$ 3,013,630	\$ 4,805,000	\$ 1,777,886	\$ 99,715,162

CHANGES IN LONG-TERM LIABILITIES – GOVERNMENTAL ACTIVITIES

ITEM	Interest	Maturity	OUTSTANDING				OUTSTANDING	Due Within
	Rates		Authorized	12/31/2016	ISSUED	REDEEMED	12/31/2017	One Year
GOVERNMENTAL ACTIVITIES:								
<u>Limited General Obligation (LTGO) Bonds Payable:</u>								
2008 Refunding-Streets/Facilities	4.00-6.00	12/01/19	6,180,000	2,165,000	-	680,000	1,485,000	720,000
2010 Streets / Equipment	2.00-5.41	12/01/24	5,870,000	3,575,000	-	405,000	3,170,000	415,000
2011 Refunding Streets (2003 GO)	1.25-4.00	12/01/23	4,620,000	3,360,000	-	435,000	2,925,000	445,000
2013 LTGO-MPD Pool Improve	2.00-4.00	12/01/22	1,000,000	609,932	-	96,427	513,505	99,196
2014 LTGO-Urban Renewal	0.85-4.86	12/01/34	3,850,000	3,560,000	-	150,000	3,410,000	153,000
2014 LTGO-Line of Credit	1 Mo. LIBOR + 1.0%	12/01/17	2,250,000	2,250,000	-	2,250,000	-	-
2015 LTGO-Interurban, BAR	2.25-3.00	12/01/35	5,825,000	5,605,000	-	225,000	5,380,000	230,000
2017 LTGO-42nd & 53rd Streets	3.00-3.50	12/01/37	8,180,000	-	8,180,000	-	8,180,000	305,000
2017 Refunding Line of Credit	2.60-3.00	12/01/22	2,276,000	-	2,276,000	-	2,276,000	-
Total LTGO Bonds Payable			40,051,000	21,124,932	10,456,000	4,241,427	27,339,505	2,367,196
<u>Unlimited General Obligation (UTGO) Bonds Payable:</u>								
2016 UTGO - Public Safety	4.50-5.00	12/01/35	77,385,000	32,990,000	-	1,115,000	31,875,000	1,240,000
Total UTGO Bonds Payable			77,385,000	32,990,000	-	1,115,000	31,875,000	1,240,000
Issuance premiums			-	4,380,732	-	(67,149)	4,447,881	-
Net Bonds Payable			117,436,000	58,495,664	10,456,000	5,289,278	63,662,386	3,607,196
<u>Due to Other Governments</u>								
2009 Facility SCORE	3.00-6.62	01/01/39	6,898,800	6,093,600	-	179,200	5,914,400	184,800
Total Due Other Governments			6,898,800	6,093,600	-	179,200	5,914,400	184,800
<u>Special Assessment Debt</u>								
Klickitat Urban Access Project	3.150-5.375	01/15/29	6,687,500	5,412,500	-	607,500	4,805,000	485,000
Total Special Assessment Debt			6,687,500	5,412,500	-	607,500	4,805,000	485,000
Other Post-Employment Benefits Payable				9,178,836	1,309,047	-	10,487,883	-
Net Pension Liability				12,943,779	-	3,198,726	9,745,053	-
Compensated Absences:				3,774,201	3,607,977	3,798,673	3,583,505	-
Total Governmental Funds			\$ 131,022,300	\$ 95,898,580	\$ 15,373,024	\$ 13,073,377	\$ 98,198,227	\$ 4,276,996

All governmental funds debt is liquidated by the general fund except for the special assessment debt and the 2009 SCORE intergovernmental debt. The special assessment debt is liquidated from assessments collected annually from property owners within boundaries of Local Improvement District #33. The 2009 SCORE debt was paid by SCORE from user fees.

CHANGES IN LONG-TERM LIABILITIES SUMMARY – BUSINESS-TYPE ACTIVITIES

	REVENUE BONDS UTILITIES	PUBLIC WORKS TRUST FUND LOANS	COMPENSATED ABSENCES	NET PENSION LIABILITY	TOTAL
Outstanding 01/01/2017	\$ 1,597,704	\$ 5,046,990	\$ 298,359	\$ 2,539,403	\$ 9,482,456
Added	-	-	329,386	-	329,386
Retired / redeemed	(143,282)	(599,468)	(309,348)	(740,392)	(1,792,490)
Outstanding 12/31/2017	\$ 1,454,422	\$ 4,447,522	\$ 318,397	\$ 1,799,011	\$ 8,019,352
Total Long-Term Liabilities					<u>\$ 8,019,352</u>

Debt Service to Maturity

Following are schedules showing the debt service requirements to maturity for the City's long-term debt, excluding compensated absences and net pension liability.

	Business-Type Activities				
Year Ended December 31	Revenue Bonds		Public Works Trust Fund Loans		
	Principal	Interest	Principal	Interest	Total
2018	\$ 149,659	\$ 34,033	\$ 599,468	\$ 22,238	\$ 805,398
2019	150,736	30,531	599,468	19,240	799,976
2020	156,614	27,004	599,468	16,243	799,329
2021	157,178	23,339	599,447	13,246	793,210
2022	162,531	19,662	573,417	10,248	765,858
2023-2027	677,704	40,168	1,270,359	16,219	2,004,450
2028-2032	-	-	205,875	3,088	208,963
2033	-	-	20	-	20
Totals	\$ 1,454,422	\$ 174,738	\$ 4,447,522	\$ 100,522	\$ 6,177,204

CHANGES IN LONG-TERM LIABILITIES – BUSINESS-TYPE ACTIVITIES

ITEM	Interest	Maturity	OUTSTANDING				OUTSTANDING	Due Within
	Rates		Authorized	12/31/2016	ISSUED	REDEEMED	12/31/2017	One Year
BUSINESS-TYPE ACTIVITIES:								
<u>Bonds Payable:</u>								
2015 Water/Sewer/SWM Refunding	2.34	12/01/26	1,742,527	1,597,704	-	143,282	1,454,422	149,659
Total Bonds Payable			1,742,527	1,597,704	-	143,282	1,454,422	149,659
<u>Public Works Trust Fund Loans:</u>								
2003 Loan-Water/Sewer	0.50	06/01/21	273,870	72,271	-	14,454	57,817	14,454
2003 Loan-Surface Water	0.50	06/01/21	219,725	57,982	-	11,597	46,385	11,597
2004 Loan-Water/Sewer	0.50-2.00	06/01/24	5,016,000	2,183,090	-	272,886	1,910,204	272,886
2004 Loan-Surface Water	0.50-2.00	06/01/24	684,000	297,694	-	37,212	260,482	37,212
2004 Loan-Surface Water	1.00	06/01/24	4,196,056	1,777,153	-	222,144	1,555,009	222,144
2014 Loan-Sewer	0.5	06/01/32	750,000	658,800	-	41,175	617,625	41,175
Total Public Works Trust Fund Loans			11,139,651	5,046,990	-	599,468	4,447,522	599,468
Net Pension Liability			-	2,539,403	-	740,392	1,799,011	-
Compensated Absences			-	298,359	329,386	309,348	318,397	1,542
Total Business-Type Activities			\$ 12,882,178	\$ 9,482,455	\$ 329,386	\$ 1,792,490	\$ 8,019,352	\$ 750,669
TOTAL ALL FUNDS			\$ 143,904,478	\$ 105,381,036	\$ 15,702,410	\$ 14,865,868	\$ 106,217,580	\$ 5,027,665

LONG-TERM LIABILITIES RECONCILIATION

	Governmental Activities	Business-Type Activities	Balance 12/31/2017
General obligation bonds	\$ 59,214,505	\$ -	\$ 59,214,505
Special assessment bonds	4,805,000	-	4,805,000
Revenue bonds	-	1,454,422	1,454,422
Public Works Trust Fund loans	-	4,447,522	4,447,522
Due to Other Governments	5,914,400	-	5,914,400
Capital Leases	-	-	-
Employee leave benefits	3,583,505	318,397	3,901,902
Net Premiums/Discounts	4,447,881	-	4,447,881
Other Post-Employment Benefits	10,487,883	-	10,487,883
Net Pension Liability	9,745,053	1,799,011	11,544,064
Total long-term debt	\$ 98,198,227	\$ 8,019,353	\$ 106,217,580

Debt Limit Capacities

State law provides that debt cannot be incurred in excess of the following percentages of the value of the taxable property of the City: 1.5% without a vote of the people; 2.5% with a vote of the people; 5.0% with a vote of the

people, provided the indebtedness in excess of 2.5% is for utilities; 7.5% with a vote of the people, provided the indebtedness in excess of 5.0% is for parks or open space development.

At December 31, 2017, the debt limits for the City were as follows:

SUMMARY OF DEBT LIMIT CAPACITIES

Item	Without a Vote	-----With a Vote of the People-----		
	1.5%	2.5%	5.0%	7.5%
Legal Limit	\$ 92,774,149	\$ 154,623,582	\$ 309,247,163	\$ 463,870,745
Outstanding Net				
Indebtedness	69,188,921	69,188,921	69,188,921	69,188,921
Margin Available	\$ 23,585,228	\$ 85,434,661	\$ 240,058,242	\$ 394,681,824

Prior Year Defeasance of Debt

In 2015, the City defeased water and sewer bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At December 31, 2017, \$1,755,000 of the defeased bonds were outstanding.

Long-term Liabilities other than debt

Claims are paid from one or more funds based on the nature of the transaction. Employees' compensable leave is the City's liability for all unused vacation, 25% of unused sick leave and unpaid overtime accrued by employees and, payable under specified conditions. This obligation is paid only at the time of termination, usually from the same funding source(s) from which the employee's salary or wage compensation was paid.

The City does not report a liability for termination benefits because it is not reasonably estimable.

Local Improvement District No. 33

Tukwila Urban Access Improvement Project Local Improvement District (LID) No. 33 was formed on November 16, 2009 by Ordinance No. 2260. The project was designed to improve congestion within the City's Urban Center. The project included a partial lid over Southcenter Parkway, removal of conflicting turning movements, and the widening of Southcenter Parkway.

Construction for the project began in March 2011 and was completed in October 2011. The project was closed out and accepted as complete by City Council on February 19, 2013.

A variety of funding sources were used to pay for the project including federal and state grants, impact fees, City funds, a right-of-way donation, and special assessments. The City chose to fund the project internally, rather than obtain external, short-term financing then apply special assessments to property owners after the project was completed. Fund 104 Arterial Streets, where the project was accounted for, loaned the project funds as needed using a draw method at an interest rate of 1.80%. This loan was repaid in 2013 when special assessment bonds were issued.

The City confirmed the assessment roll with a final assessment of \$9,475,894. The prepayment period for the special assessments was open in the fall of 2013 and during that time the City received \$2,788,350 in prepayments. Once the prepayment window closed, the City issued bonds for the remaining outstanding assessments in the amount of \$6,687,500. From these proceeds, the City deposited \$668,750 to the guaranty fund. The third of 15 annual installments for the assessments was due by October 16, 2016.

As of December 31, 2017, all LID Special Assessments were current, nothing was delinquent. During 2017, several property owners chose to pay the assessment in full. Because of the additional principal payments received, the City has enough funds in the LID No. 33 funds to meet debt service requirements in 2018 and pay \$40,000 additional principal.

Estimated Arbitrage Rebate

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt of over \$5 million to make payments to the United States Treasury of investment interest received at yields that exceed the issuer's tax-exempt borrowing rates. Payments of arbitrage rebate amounts due under these regulations must be made to the U.S. Treasury every five years. The City's estimated rebatable arbitrage amount as of December 31, 2017 is \$0 for its tax-exempt bond issues subject to the Tax Reform Act.

NOTE 11 – COMMITMENTS

Construction Commitments. As of December 31, 2017, contractual obligations to contractors for construction projects total \$26,707,775.

	Remaining Commitment
Governmental Activities	
42nd Ave S Phase III	\$ 4,930,257
TUC Pedestrian/Bicycle Bridge	869,096
Strander Blvd. Extension Phase III	3,980,931
Public Safety Plan	6,366,254
Major Maintenance on 3 Bridges	1,120,596
S 144th Street Phase II	518,367
Baker Blvd Non-Motorized	200,639
BAR Bridge Rehab	7,676,343
Other governmental projects	149,428
Total Governmental Activities	\$ 25,811,911
Business-Type Activities Projects	
GIS Inventory, Asset Management System	\$ 165,006
Tukwila 205 Levee Certification Phase I & II	237,708
Riverton Creek Flapgate Removal	87,138
Macadam Road South Water Upgrade	80,631
Andover Park East Sewer Replacement	266,572
Other Utility related projects	58,809
Total Business-Type Activities	\$ 895,864
Total Construction Commitments	\$ 26,707,775

NOTE 12 – POTENTIAL POLLUTION REMEDIATION AND OTHER LIABILITIES

There are several lawsuits in which the City is involved. The City Attorney estimates that the potential claims against the City to have no material financial impact.

The City of Tukwila is expected to share in potential liability under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") for sediment contamination within the Lower Duwamish Waterway

Superfund site. The Environmental Protection Agency has estimated the total cost for the waterway cleanup to be \$342 million with as many as 120, or more parties sharing in the liability. While it is not possible to provide an estimate of the City's potential CERCLA liability at this time, the relatively small size of the City's storm water system within the Lower Duwamish Waterway Superfund site area, as well as the City's recent ownership of the system, which began in 1989, means the City's share of liability should be low compared to other liable parties. A multi-year confidential process to allocate Duwamish Waterway cleanup costs is being undertaken by the major liable parties. Once that process is completed and communicated to the City, which could occur in 2018, the City will be in a better position to estimate its potential liability for cleanup costs within the Lower Duwamish Waterway Superfund site.

NOTE 13 – RISK MANAGEMENT

The city of Tukwila is a member of the Washington Cities Insurance Authority (WCIA).

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. WCIA has a total of 161 Members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$21 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$25 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$300 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

The City insures its buildings, equipment, and vehicle property insurance with WCIA. They self-fund up to \$250,000 with standard property insurance purchased above that amount. Traveler's insures boiler machinery and provides for employee dishonesty coverage.

The City of Tukwila has a Risk Management and a Safety Committee to oversee risk management. In addition, the WCIA provides support for a proactive risk analysis program and a loss control manual.

There were no significant reductions in insurance coverage in the past year. During the year under audit and in the past three years, no settlement has exceeded insurance coverage.

The City self-insures for unemployment benefits. This is budgeted expenditure each year and the City paid \$15,077 in unemployment in 2017. This expense is budgeted in the Finance Department within the general fund and Foster Golf Course, and enterprise fund. No reserves are allocated because of the limited liability and historical cost.

The City also self-insures for medical, dental and other health care benefits. A third-party administrator, Healthcare Management Administrators, Inc., provides claims administration. The City has a stop-loss policy with Symetra which provides an individual limit of \$175,000. Each fund contributes an appropriate amount each year to pay premiums and claims. Liabilities include an actuarially determined amount for claims that have been incurred but not reported (IBNR's) and a contingency reserve equal to 2.5 times the IBNR liability.

The IBNR liability is estimated using actuarial methods. Based on results as well as a review of actual run-out, average lag days of 52.6 days for medical, 21.6 days for pharmacy, 31.6 days for dental, and 45.9 days for vision were selected. Using average lag days and net adjusted paid claims, the IBNR liability was estimated as of May 31, 2017. Next, the estimated IBNR liability as of December 31, 2017 was developed by trending the May 31, 2017 estimates to year-end. No explicit margin for claims fluctuations was added because the amount of the reserve in the fund balance is sufficient to cover expected claims fluctuations. Administrative costs were then added.

The following table reflects changes in the balances of claims liabilities for 2017 and 2016.

SUMMARY OF HEALTH CARE CLAIM LIABILITIES

ITEM	Active Employees		Retired Employees LEOFF I	
	2017	2016	2017	2016
Claim Liabilities at Beginning of Year	\$ 1,858,250	\$ 1,947,500	\$ 191,250	\$ 221,250
Claim expenses:				
Current year and changes in estimates	6,329,189	5,938,336	430,289	524,274
Claim payments and expenses	(6,255,191)	(6,027,586)	(424,880)	(554,274)
Claim Liabilities at End of Year	\$ 1,932,248	\$ 1,858,250	\$ 196,659	\$ 191,250

NOTE 14 – SUBSEQUENT EVENT

In 2018, the City plans to purchase several parcels of land in order to begin construction of a justice center and fire stations as outlined in the voter-approved public safety plan. Additionally, in February 2018, the City Council approved an ordinance to sell up to \$20 million in bonds in 2018 for the public safety plan. As of April 30, 2018, the city has expended approximately \$8.7 million toward the purchase of four property parcels in connection with the Public Safety Plan.

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget (Gaap Basis)	Final Budget (Gaap Bais)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 47,803,644	\$ 47,803,644	\$ 46,574,589	\$ (1,229,055)
Licenses and permits	2,278,940	2,278,940	2,749,137	470,197
Intergovernmental	4,398,660	4,545,160	4,690,257	145,097
Charges for services	3,248,316	3,286,316	3,046,606	(239,710)
Fines and Foreitures	306,129	306,129	325,216	19,087
Investment earnings	163,091	163,091	230,784	67,693
Miscellaneous	203,600	211,271	160,309	(50,962)
Total Revenues	58,402,380	58,594,551	57,776,899	(817,652)
EXPENDITURES:				
Current:				
General Government	9,953,670	9,863,670	9,358,235	505,435
Economic environment	4,573,353	4,469,853	4,098,765	371,088
Physical environment	1,975,786	1,975,786	1,733,400	242,386
Public Safety	30,596,784	30,996,784	29,968,635	1,028,149
Culture and recreation	4,708,136	4,726,307	4,395,696	330,611
Transportation	3,081,092	3,081,092	3,026,013	55,079
Capital outlay	234,000	234,000	117,679	116,321
Total Expenditures	55,122,821	55,347,492	52,698,423	2,649,069
Excess Of Revenues And Expenditures	3,279,559	3,247,059	5,078,476	1,831,417
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	-	-	1	1
Transfers in	1,800,000	1,800,000	300,000	(1,500,000)
Transfers out	(5,237,691)	(5,447,691)	(5,337,496)	110,195
Total Other Financing Sources And Uses	(3,437,691)	(3,647,691)	(5,037,495)	(1,389,804)
Net change in fund balances	(158,132)	(400,632)	40,981	441,613
Fund balances - beginning	17,216,048	17,216,048	19,031,744	1,815,696
Fund Balances - Ending	\$ 17,057,916	\$ 16,815,416	\$ 19,072,725	\$ 2,257,309

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The City of Tukwila budgets its funds in accordance with the Revised Code of Washington 35A.33. In compliance with the code, biennial budgets are adopted for the general fund and special revenue funds. For governmental funds, there are no substantial differences between the budgetary basis and generally accepted accounting principles. Budgetary accounts are integrated in fund ledgers for all budgeted funds, but the financial statements include budgetary comparisons for biennially budgeted governmental funds only. Budgets established for proprietary and fiduciary funds are “management budgets” and are not legally required to be reported and, as such, are not reported in the CAFR.

The biennial appropriated budgets are adopted at the fund level and the budgets constitute the legal authority for expenditures at that level. Subsidiary revenue and expenditure records are used to compare the budgeted amounts with actual revenues and expenditures. As a management control device, the subsidiary ledgers monitor expenditures for individual functions and activities by object class. Any unexpended appropriation balances lapse at the end of the biennium.

The City of Tukwila’s budget procedures are mandated by RCW 35A.33. The steps in the budget process are as follows:

- 1) Prior to November 1 on even numbered years, the Mayor submits a proposed budget to the City Council. This budget is based on priorities established by the Council and estimates provided by the City departments during the preceding months, and balanced with revenue estimates made by the Mayor.
- 2) The City Council conducts public hearings on the proposed budget in November and December.
- 3) The Council makes its adjustments to the proposed budget and adopts by ordinance a final balanced budget no later than December 31.
- 4) The final operating budget as adopted is published and distributed within the first month of the following year. Copies of the budget are made available to the public.

The City Council must approve by ordinance any amendments that increase the total for the fund. Budget amounts presented in the basic financial statements include both the original amounts and the final amended budget as approved by the City Council.

Expenditure Categories

<i>General Government</i>	Includes administration, finance, municipal court, attorney, and city clerk activities.
<i>Public Safety</i>	Includes all police and fire activities.
<i>Physical Environment</i>	Includes expenditures for the public works activities not chargeable to the enterprise funds.
<i>Transportation</i>	Includes all street and arterial street maintenance and construction.
<i>Economic Environment</i>	Reflects the planning and building inspection activities.
<i>Culture and Recreation</i>	Includes expenditures related to parks and recreational activities.

The information presented in the following required schedules was determined as part of the actuarial valuations at the dates indicated.

COST SHARING MULTIPLE EMPLOYER DEFINED BENEFIT PENSION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

PERS I

Fiscal Year Ending	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	State's proportionate share of the net pension liability (asset) associated with the employer	Total: Proportionate share of the net pension liability (asset)	Employer's covered employee payroll	Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2015	0.135736%	\$ 7,100,255	\$ -	\$ 7,100,255	\$ 15,561,015	45.63%	59.10%
June 30, 2016	0.131354%	\$ 7,054,328	\$ -	\$ 7,054,328	\$ 15,736,921	44.83%	57.03%
June 30, 2017	0.127058%	\$ 6,029,001	\$ -	\$ 6,029,001	\$ 16,022,842	37.63%	61.24%

PERS 2/3

Fiscal Year Ending	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	State's proportionate share of the net pension liability (asset) associated with the employer	Total: Proportionate share of the net pension liability (asset)	Employer's covered employee payroll	Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2015	0.173592%	\$ 6,202,541	\$ -	\$ 6,202,541	\$ 15,406,589	40.26%	89.20%
June 30, 2016	0.166622%	\$ 8,389,286	\$ -	\$ 8,389,286	\$ 15,579,718	53.85%	85.82%
June 30, 2017	0.161787%	\$ 5,621,325	\$ -	\$ 5,621,325	\$ 15,861,514	35.44%	90.97%

PSERS

Fiscal Year Ending	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	State's proportionate share of the net pension liability (asset) associated with the employer	Total: Proportionate share of the net pension liability (asset)	Employer's covered employee payroll	Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2015	0.052748%	\$ 9,628	\$ -	\$ 9,628	\$ 154,426	6.23%	95.08%
June 30, 2016	0.048428%	\$ 20,581	\$ -	\$ 20,581	\$ 157,203	13.09%	90.41%
June 30, 2017	0.455650%	\$ 8,928	\$ -	\$ 8,928	\$ 161,328	5.53%	96.26%

LEOFF 1

Fiscal Year Ending	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	State's proportionate share of the net pension liability (asset) associated with the employer	Total: Proportionate share of the net pension liability (asset)	Employer's covered employee payroll	Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2015	0.077944%	\$ (939,397)	\$ -	\$ (939,397)	\$ 76,144	-1233.71%	127.36%
June 30, 2016	0.077890%	\$ (802,490)	\$ (5,428,021)	\$ (6,230,511)	\$ -	n/a	123.74%
June 30, 2017	0.082086%	\$ (1,245,425)	\$ (8,424,025.00)	\$ (9,669,450)	\$ -	n/a	135.96%

LEOFF 2

Fiscal Year Ending	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	State's proportionate share of the net pension liability (asset) associated with the employer	Total: Proportionate share of the net pension liability (asset)	Employer's covered employee payroll	Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2015	0.519159%	\$ (5,335,916)	\$ (2,123,832)	\$ (7,459,748)	\$ 15,113,237	-49.36%	111.67%
June 30, 2016	0.510663%	\$ (2,970,169)	\$ (1,936,334)	\$ (4,906,503)	\$ 15,480,062	-31.70%	106.04%
June 30, 2017	0.503269%	\$ (6,983,743)	\$ (4,530,224)	\$ (11,513,967)	\$ 15,743,133	-73.14%	113.36%

* Until a full 10-year trend is compiled, governments should present information only for those years for which information is available.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

PERS I

Fiscal Year Ending	Statutorily Determined Contribution	Less: Contributions in Relation to the Statutorily Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Copntribution as a Percentage of Covered Employee Payroll
December 31, 2015	\$ 686,881	\$ (686,881)	\$ -	\$ 15,654,255	4.39%
December 31, 2016	\$ 752,418	\$ (752,418)	\$ -	\$ 15,777,881	4.77%
December 31, 2017	\$ 789,712	\$ (789,712)	\$ -	\$ 16,153,755	4.89%

PERS 2/3

Fiscal Year Ending	Statutorily Determined Contribution	Less: Contributions in Relation to the Statutorily Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Copntribution as a Percentage of Covered Employee Payroll
December 31, 2015	\$ 873,248	\$ (873,248)	\$ -	\$ 15,498,171	5.63%
December 31, 2016	\$ 972,612	\$ (972,612)	\$ -	\$ 15,616,400	6.23%
December 31, 2017	\$ 1,090,715	\$ (1,090,715)	\$ -	\$ 16,024,008	6.81%

PSERS

Fiscal Year Ending	Statutorily Determined Contribution	Less: Contributions in Relation to the Statutorily Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Copntribution as a Percentage of Covered Employee Payroll
December 31, 2015	\$ 10,105	\$ (10,105)	\$ -	\$ 156,084	6.47%
December 31, 2016	\$ 10,642	\$ (10,642)	\$ -	\$ 161,481	6.59%
December 31, 2017	\$ 8,612	\$ (8,612)	\$ -	\$ 129,747	6.64%

LEOFF 2

Fiscal Year Ending	Statutorily Determined Contribution	Less: Contributions in Relation to the Statutorily Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Copntribution as a Percentage of Covered Employee Payroll
December 31, 2015	\$ 776,719	\$ (776,719)	\$ -	\$ 15,380,541	5.05%
December 31, 2016	\$ 787,110	\$ (787,110)	\$ -	\$ 15,586,296	5.05%
December 31, 2017	\$ 815,548	\$ (815,548)	\$ -	\$ 15,860,571	5.14%

* Until a full 10-year trend is compiled, governments should present information only for those years for which information is available.

FIREMEN'S PENSION TRUST FUND

SCHEDULE OF FUNDING PROGRESS - PENSION

(Rounded to thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2005	\$1,265	\$1,182	(\$83)	107%	\$608	-14
January 1, 2007	1,336	1,310	(26)	102	463	-6
January 1, 2009	1,445	1,610	165	90	442	37
January 1, 2011	1,430	1,582	152	90	0	N/A
January 1, 2013	1,416	1,296	(120)	109	0	N/A
January 1, 2014*	1,409	1,853	444	76	0	N/A
January 1, 2015	1,417	1,830	413	77	0	N/A
January 1, 2016	1,426	1,445	19	99	0	N/A
January 1, 2017	1,530	1,415	(115)	108	0	N/A

* January 1, 2014 change in actuary and adoption of GASB 67

Schedule of Changes in the City's Net Pension Liability and Related Ratios

Total Pension Liability	2014	2015	2016	2017
Service cost	-	-	-	-
Interest	50,098	49,716	49,332	38,796
Changes of benefit terms	-	-	-	-
Difference between expected & actual experience	-	(2,442)	(311,190)	-
Changes of assumptions	-	-	(62,728)	-
Benefits payments, included refunds of employee contributions	(61,863)	(58,277)	(59,988)	(69,186)
Net change in total pension liability	(11,765)	(11,003)	(384,574)	(30,390)
Total pension liability - beginning	1,852,693	1,840,928	1,829,925	1,445,351
Total pension liability - ending (a)	1,840,928	1,829,925	1,445,351	1,414,961
Plan Fiduciary Net Position				
Contributions - employer	64,114	63,590	66,360	68,848
Contributions - employee	-	-	-	-
Net investment income	1,805	2,667	7,988	39,157
Benefit payments, including refunds of employee contributions	(61,863)	(58,277)	(59,988)	(69,186)
Administrative expense	-	(4,500)	(4,500)	(4,624)
Other	-	-	-	-
Net change in plan fiduciary net position	4,056	3,480	9,860	34,195
Plan fiduciary net position - beginning	1,408,970	1,413,026	1,416,506	1,426,366
Plan fiduciary net position - ending (b)	1,413,026	1,416,506	1,426,366	1,460,561
City's net pension liability - ending (a) - (b)	427,902	413,419	18,985	(45,600)
Plan fiduciary net position as a percent of total pension liability	76.76%	77.41%	98.69%	103.22%
Covered employee payroll	-	-	-	-
City net pension liability as a percent of covered employee payroll	n/a	n/a	n/a	n/a

Schedule of Employer Contributions

Fiscal Year Ending	Statutorily Determined Contribution	Less: Contributions in Relation to the Statutorily Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Copntribution as a Percentage of Covered Employee Payroll
December 31, 2007	\$ 50,555	\$ 50,555	\$ -	\$ -	n/a
December 31, 2008	52,571	52,571	-	-	n/a
December 31, 2009	48,537	48,537	-	-	n/a
December 31, 2010	49,989	49,989	-	-	n/a
December 31, 2011	54,865	54,865	-	-	n/a
December 31, 2012	52,249	52,249	-	-	n/a
December 31, 2013	56,962	56,962	-	-	n/a
December 31, 2014	64,114	64,114	-	-	n/a
December 31, 2015	63,590	63,590	-	-	n/a
December 31, 2016	66,360	66,360	-	-	n/a
December 31, 2017	68,848	68,848	-	-	n/a

Contributions are a portion of State Fire Insurance Premiums.

Schedule of Investment Returns

Schedule of Investment Returns	Annual money-weighted rate of return, net of investment expense
2011	0.12%
2012	0.20%
2013	0.17%
2014	0.13%
2015	0.19%
2016	0.56%
2017	2.75%

Ten-year schedule required. However, until a full 10-year trend is compiled, information is presented for those years where information is available.

RETIREE MEDICAL AND LONG-TERM CARE BENEFITS FOR LEOFF 1 EMPLOYEES

SCHEDULE OF FUNDING PROGRESS - OPEB

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Normal (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a ÷ b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) ÷ c)
January 1, 2014	\$0	\$21,264,000	\$21,264,000	0.0%	n/a	n/a
January 1, 2015	\$0	\$29,538,048	\$29,538,048	0.0%	n/a	n/a
January 1, 2017	\$0	\$29,054,716	\$29,054,716	0.0%	n/a	n/a

SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB

Fiscal Year Ending	Employer Contributions	Annual Required Contributions (ARC)	Percentage of ARC Contributed
December 31, 2008	\$557,103	\$1,366,284	41%
December 31, 2009	335,265	1,366,284	25%
December 31, 2010	317,771	1,366,284	23%
December 31, 2011	335,090	1,264,522	26%
December 31, 2012	404,007	1,264,522	32%
December 31, 2013	878,755	1,264,522	69%
December 31, 2014	905,974	1,903,679	48%
December 31, 2015	477,292	2,585,779	18%
December 31, 2016	275,530	2,765,486	10%
December 31, 2017	943,150	2,883,884	33%

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are established to account for proceeds of specific taxes or other specific revenue sources that are legally restricted to or committed for expenditures for particular purposes.

- Hotel/Motel Tax Fund – Established to account for the proceeds of a 1% special excise tax on overnight lodging in Tukwila. This tax provides resources to support tourism development and promotion activities in Tukwila.
- Drug Seizure Fund – Accounts for monies and proceeds from the sale of property seized during drug and felony investigations. These funds are legally required to be expended on drug and felony related police activities.

Debt Service Funds

Debt Service Funds are account for the accumulation of resources for and the payment of principal and interest on general obligation and special assessment bonds.

- Local Improvement Guaranty Fund – Holds reserve funds required under state law to provide a means of paying local improvement district (LID) bond debt service obligations in the event there are insufficient resources in the LID debt service fund.
- Unlimited Tax G.O. 2016 – Accounts for principal and interest on voter approved bonds issued to pay for the construction of public safety facilities including a justice center and fire stations and fire equipment and apparatus for 20 years.
- Limited Tax G.O Fund – Accounts for principal and interest payments on bonds for all debt issues except for voter approved bonds.

Capital Project Funds

Capital Project Funds account for the acquisition or development of major capital facilities, except those projects financed by proprietary funds. Sources of revenue to these funds include general obligation bond proceeds, federal and state grants, real estate excise taxes, and transfers from the General Fund.

- Residential Street – Established in accordance with RCW 35A.37.010 to account for maintenance and improvement of the City's residential streets. Major sources of support are the State-levied tax on motor vehicle fuels distributed to Tukwila, to be used for City street purposes, state and federal grants, and transfers in from the General Fund.
- Land Acquisition, Recreation, and Park Development – Accounts for the acquisition of land, development of land, and construction of park facilities.

- Facilities (Urban Renewal) – Established in 1988, this fund accounts for costs associated with property owned by the City that will be utilized for redevelopment or renewal purposes.
- General Government Improvements – This fund was established in 1992 to provide funding for minor capital improvements not related to parks, land acquisition, or major building replacements.
- Fire Improvements – This fund is to be used for the acquisition of land, development of land and construction of fire facilities. Revenue for this fund comes primarily from fire impact fees.
- City Facilities – This fund was established in 2016 to pay for the costs of building a new public works shop facility. The public works shop facility is part of the City's public safety plan but is not included in the voter-approved bonds.

CITY OF TUKWILA, WASHINGTON
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENT FUNDS
 DECEMBER 31, 2017

	Total Special Revenue Funds	Total Debt Service Funds	Total Capital Projects Funds	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 1,330,736	\$ 571,617	\$ 7,657,951	\$ 9,560,304
Investments	-	531,560	-	531,560
Taxes receivable	87,787	39,065	143,742	270,594
Other receivables	-	2,135	13,346	15,481
Due from other governmental units	-	-	173,933	173,933
Restricted Assets:				
Cash and cash equivalents	223,408	-	5,794,233	6,017,641
Notes receivable	-	-	300,022	300,022
Capital assets held for resale	-	-	5,293,000	5,293,000
Total Assets	\$ 1,641,931	1,144,377	19,376,227	22,162,535
LIABILITIES AND FUND BALANCES:				
Current liabilities				
Accounts payable	274,840	-	806,895	1,081,735
Accrued wages and benefits	-	-	11,490	11,490
Customer deposit	-	-	126,119	126,119
Total Liabilities	274,840	-	944,505	1,219,345
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property tax	-	24,370	-	24,370
Unavailable revenue-impact fee	-	-	313,368	313,368
TOTAL DEFERRED INFLOWS OF RESOURCES	-	24,370	313,368	337,738
Fund balances:				
Nonspendable	-	-	-	-
Restricted	1,367,019	731,762	9,657,476	11,756,256
Assigned	72	388,245	8,296,879	8,685,196
Assigned - 1% arts	-	-	164,000	164,000
Total Fund balances	1,367,091	1,120,007	18,118,354	20,605,452
Total Liabilities and Fund Balances	\$ 1,641,931	\$ 1,144,377	\$ 19,376,227	\$ 22,162,535

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENT FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Total Special Revenue Funds	Total Debt Service Funds	Total Capital Projects Funds	Total Governmental Funds
REVENUES:				
TAXES:				
Taxes	\$ 736,784	\$ 2,674,622	\$ 756,747	\$ 4,168,153
Charges for services	-	-	495,373	495,373
Intergovernmental	-	57,504	1,305,117	1,362,621
Investment earnings	5,767	79	74,330	80,176
Miscellaneous	79,930	-	-	79,930
Total Revenues	822,480	2,732,205	2,631,567	6,186,253
EXPENDITURES:				
Current:				
General government	-	25,067	202,249	227,316
Economic environment	515,262	-	-	515,262
Public safety	366,256	-	-	366,256
Cultural and Recreation	-	-	268,433	268,433
Transportation	-	-	646,064	646,064
Debt service				
Principal	-	3,106,428	-	3,106,428
Interest	-	2,343,930	-	2,343,930
Capital Outlay	39,969	-	4,059,856	4,099,825
Total Expenditures	921,487	5,475,425	5,176,603	11,573,514
Exces (deficiency) of revenues				
Over (Under) Expenditures	(99,006)	(2,743,220)	(2,545,035)	(5,387,261)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	2,773,452	464,044	3,237,496
Transfers out	-	-	(1,317,000)	(1,317,000)
Issuance of Debt	-	2,276,000	8,180,000	10,456,000
Bond Premium	-	-	356,839	356,839
Gain/(loss) on sale of assets held for resale	-	-	(100,000)	(100,000)
Payment of refunded debt	-	(2,250,000)	-	(2,250,000)
Total Other Financing Sources And Uses	-	2,799,452	7,583,883	10,383,335
Net change in fund balances	(99,006)	56,232	5,038,848	4,996,074
Fund balances - beginning	1,466,097	1,063,774	13,079,507	15,609,378
Fund Balances - Ending	\$ 1,367,091	\$ 1,120,007	\$ 18,118,354	\$ 20,605,452

CITY OF TUKWILA, WASHINGTON
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2017

	Hotel/Motel Tax	Drug Seizure	Total Special Revenue Funds
ASSETS:			
Cash and cash equivalents	\$ 1,323,528	\$ 7,208	\$ 1,330,736
Taxes receivables	87,787	-	87,787
Current Assets Restricted:			
Cash and cash equivalents	-	223,408	223,408
Total Assets	1,411,315	230,616	1,641,931
LIABILITIES AND FUND BALANCES:			
Accounts payable	271,540	3,300	274,840
Total Liabilities	271,540	3,300	274,840
Fund balances:			
Restricted	1,139,775	227,244	1,367,019
Assigned	-	72	72
Total Fund Balances	1,139,775	227,316	1,367,091
Total Liabilities and Fund Balances	\$ 1,411,315	\$ 230,616	\$ 1,641,931

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Hotel/Motel Tax	Drug Seizure	Total Special Revenue Funds
REVENUES:			
Taxes	\$ 736,784	\$ -	\$ 736,784
Investment earnings	5,695	72	5,767
Miscellaneous	-	79,930	79,930
Total Revenue	742,479	80,002	822,480
EXPENDITURES:			
Current:			
Public safety	-	366,256	366,256
Economic environment	515,262	-	515,262
Capital outlay	-	39,969	39,969
Total Expenditures	515,262	406,225	921,487
Excess (deficiency) of revenues			
Over (Under) Expenditures	227,217	(326,223)	(99,006)
Net change in fund balances	227,217	(326,223)	(99,006)
Fund balances - beginning	912,558	553,539	1,466,097
Fund Balances - ending	\$ 1,139,775	\$ 227,316	\$ 1,367,091

CITY OF TUKWILA, WASHINGTON
COMBINING BALANCE SHEET
NON-MAJOR DEBT SERVICE FUNDS
 DECEMBER 31, 2017

	Special Assesment Bonds Guaranty Fund 2013	UTGO Bonds 2016 (Public Safety Plan)	LTGO Bond Fund	Total Nonmajor Debt Service Funds
ASSETS:				
Cash and cash equivalents	\$ 135,534	\$ 48,218	\$ 387,865	\$ 571,617
Investments	531,560	-	-	531,560
RECEIVABLES:				-
Taxes	-	39,065	-	39,065
Interest on investments	2,135	-	-	2,135
TOTAL ASSETS	669,229	87,283	387,865	1,144,377
LIABILITIES AND FUND BALANCES:				
Total Liabilities	-	-	-	-
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue-property tax	\$ -	\$ 24,370	-	24,370
TOTAL DEFERRED INFLOW OF RESOURCES	-	24,370	-	24,370
Fund balances:				
Restricted	668,849	62,913	-	731,762
Assigned	380	-	387,865	388,245
Total Fund Balances	669,229	62,913	387,865	1,120,007
Total Liabilities and Fund Balances	\$ 669,229	\$ 87,283	\$ 387,865	\$ 1,144,377

CITY OF TUKWILA, WASHINGTON
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES**
NON-MAJOR DEBT SERVICE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Special Assessment Bonds Guaranty Fund 2013	UTGO Bonds 2016 (Public Safety Plan)	LTGO Bond Fund	Total Nonmajor Debt Service Funds
REVENUES:				
Taxes	\$ -	\$ 2,674,622	\$ -	\$ 2,674,622
Intergovernmental	-	-	57,504	57,504
Investment earnings	79	-	-	79
Total revenues	79	2,674,622	57,504	2,732,205
EXPENDITURES:				
General Government	-	-	25,067	25,067
Debt service				
Principal	-	1,115,000	1,991,428	3,106,428
Interest	-	1,496,709	847,222	2,343,930
Total Expenditures	-	2,611,709	2,863,716	5,475,425
Excess (deficiency) of revenues				
Over (Under) Expenditures	79	62,913	(2,806,212)	(2,743,220)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	2,773,452	2,773,452
General obligation bonds issued	-	-	2,276,000	2,276,000
Payment of refunded debt	-	-	(2,250,000)	(2,250,000)
Total Other Financing Source And Use	-	-	2,799,452	2,799,452
Net change in fund balances	79	62,913	(6,760)	56,232
Fund balances - beginning	669,150	-	394,625	1,063,775
Fund Balances - Ending	\$ 669,229	\$ 62,913	\$ 387,865	\$ 1,120,007

CITY OF TUKWILA, WASHINGTON
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
 DECEMBER 31, 2017

	Residential Street	Land Acq. Rec & Park Development	Facilities Urban Renewal	General Government Improvements	Fire Improvements	City Facilities	Total Nonmajor Capital Project Funds
ASSETS:							
Cash and cash equivalents	\$ 965,748	\$ 3,945,978	\$2,290,732	\$ 378,323	\$ 7,210	\$ 69,960	\$ 7,657,951
Taxes receivable	44,613	99,129	-	-	-	-	143,742
Other receivables	-	-	-	-	13,346	-	13,346
Due from other governmental units	-	173,933	-	-	-	-	173,933
RESTRICTED ASSETS:							-
Cash and cash equivalents	5,794,233	-	-	-	-	-	5,794,233
Notes receivable	-	-	-	-	300,022	-	300,022
Capital asset held for resale	-	-	5,293,000	-	-	-	5,293,000
Total Assets	6,804,594	4,219,040	7,583,732	378,323	320,578	69,960	19,376,227
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES:							
Current payables:							
Accounts payables	604,579	130,111	-	2,245	-	69,960	806,895
Accrued wages and benefits	4,876	1,649	-	4,966	-	-	11,490
Customer deposit	18,720	19,525	85,563	2,311	-	-	126,119
Total Liabilities	628,176	151,285	85,563	9,522	-	69,960	944,505
Deferred Inflow of resources:							
Unavailable revenue-impact fee	-	-	-	-	313,368	-	313,368
Total Deferred Inflow of Resources	-	-	-	-	313,368	-	313,368
Fund balances:							
Restricted	5,794,233	3,856,032	-	-	7,210	-	9,657,476
Assigned	382,185	47,724	7,498,169	368,801	-	-	8,296,879
Assigned - 1% arts	-	164,000	-	-	-	-	164,000
Total Fund Balance	6,176,418	4,067,756	7,498,169	368,801	7,210	-	18,118,354
Total Liabilities and Fund Balances	\$ 6,804,594	\$ 4,219,040	\$7,583,732	\$ 378,323	\$ 320,578	\$ 69,960	\$ 19,376,227

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Residential Street	Land Acq. Rec & Park Development	Facilities Urban Renew al	General Government Improvements	Fire Improvements	City Facilities	Total Nonmajor Capital Projects Funds
REVENUES:							
Taxes	\$ -	\$ 756,747	\$ -	\$ -	\$ -	\$ -	\$ 756,747
Charges for services	6,133	62,310	-	-	285,075	141,854	495,373
Intergovernmental	1,073,144	231,972	-	-	-	-	1,305,117
Investment earnings	40,239	16,735	12,252	2,487	2,617	-	74,330
Total Revenues	1,119,516	1,067,765	12,252	2,487	287,693	141,854	2,631,567
EXPENDITURES:							
Current:							
General government	-	-	54,124	148,126	-	-	202,249
Culture and recreation	-	268,433	-	-	-	-	268,433
Transportation	646,064	-	-	-	-	-	646,064
Capital Outlay	3,492,805	205,879	-	77,463	-	283,709	4,059,856
Total Expenditures	4,138,869	474,312	54,124	225,589	-	283,709	5,176,603
Exces (deficiency) of revenues Over (Under) Expenditures	(3,019,352)	593,453	(41,872)	(223,102)	287,693	(141,854)	(2,545,035)
OTHER FINANCING SOURCES (USES):							
Transfers in	-	122,190	-	200,000	-	141,854	464,044
Transfers out	-	-	(300,000)	-	(1,017,000)	-	(1,317,000)
Issuance of debt	8,180,000	-	-	-	-	-	8,180,000
Bond premium	356,839	-	-	-	-	-	356,839
Gain/(loss) on sale of assets held for resale	-	-	(100,000)	-	-	-	(100,000)
Total Other Financing Sources And Uses	8,536,839	122,190	(400,000)	200,000	(1,017,000)	141,854	7,583,883
Net change in fund balances	5,517,486	715,643	(441,872)	(23,102)	(729,307)	-	5,038,848
Fund balances - beginning	658,932	3,352,113	7,940,040	391,903	736,518	-	13,079,507
Fund Balances - ending	\$ 6,176,418	\$ 4,067,756	\$ 7,498,169	\$ 368,801	\$ 7,210	\$ -	\$ 18,118,354

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
ARTERIAL STREET CAPITAL PROJECT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget (Gaap Basis)	Final Budget (Gaap Basis)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 600,000	\$ 600,000	\$ 912,333	\$ 312,333
Intergovernmental	21,035,000	10,035,000	6,686,896	(3,348,104)
Charges for services	921,000	921,000	1,725,249	804,249
Investment earnings	5,000	5,000	16,910	11,910
Miscellaneous	1,037,000	1,037,000	701,034	(335,966)
Total Revenues	23,598,000	12,598,000	10,042,421	(2,555,579)
EXPENDITURES:				
Current:				
Transportation	6,556,000	6,556,000	2,860,118	3,695,882
Capital outlay	22,581,579	10,281,579	9,545,242	736,337
Total Expenditures	29,137,579	16,837,579	12,405,360	4,432,219
Exceeds (deficiency) of revenues				
Over (Under) Expenditures	(5,539,579)	(4,239,579)	(2,362,939)	1,876,640
OTHER FINANCING SOURCES (USES):				
Transfers in	1,800,000	1,800,000	1,800,000	-
Total Other Financing Sources And Uses	1,800,000	1,800,000	1,800,000	-
Net change in fund balances	(3,739,579)	(2,439,579)	(562,939)	1,876,640
Fund balance - beginning	3,786,923	3,786,923	3,999,376	212,453
Fund Balances - Ending	\$ 47,344	\$ 1,347,344	\$ 3,436,437	\$ 2,089,093

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
LOCAL IMPROVEMENT DISTRICT #33 DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget (Gaap Basis)	Final Budget (Gaap Basis)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Special assessment	\$ 408,593	\$ 408,593	\$ 478,838	\$ 70,245
Investment earnings	293,518	293,518	240,710	(52,808)
Miscellaneous	-	-	1,511	1,511
Total Revenues	702,111	702,111	721,059	18,948
EXPENDITURES:				
Debt service:				
Principal	450,000	596,000	607,500	(11,500)
Interest	271,830	271,830	259,939	11,891
Total Expenditures	721,830	867,830	867,439	391
Excess Of Revenues And Expenditures	(19,719)	(165,719)	(146,379)	19,340
Net change in fund balances	(19,719)	(165,719)	(146,379)	19,340
Fund balances - beginning	898,764	898,764	898,722	(42)
Fund Balances - Ending	\$ 879,045	\$ 733,045	\$ 752,342	\$ 19,297

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
PUBLIC SAFETY PLAN CAPITAL PROJECT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget (Gaap Basis)	Final Budget (Gaap Basis)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Charges for services	\$ 500,000	\$ 500,000	\$ 500,000	\$ -
Investment earnings	-	-	258,283	258,283
Total Revenues	500,000	500,000	758,283	258,283
EXPENDITURES:				
Current:				
Public Safety	3,048,000	3,048,000	564,521	2,483,479
Capital outlay	11,139,000	11,139,000	998,969	10,140,031
Total Expenditures	14,187,000	14,187,000	1,563,490	12,623,510
Excess Of Revenues And Expenditures	(13,687,000)	(13,687,000)	(805,207)	12,881,793
OTHER FINANCING SOURCES (USES):				
Bond proceeds	23,343,000	23,343,000	-	(23,343,000)
Transfers in	-	1,017,000	1,017,000	-
Transfers out	-	-	-	-
Total Other Financing Sources And Uses	23,343,000	24,360,000	1,017,000	(23,343,000)
Net change in fund balances	9,656,000	10,673,000	211,793	(10,461,207)
Fund balances - beginning	-	-	36,513,127	36,513,127
Fund Balances - Ending	\$ 9,656,000	\$ 10,673,000	\$ 36,724,920	\$ 26,051,920

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget (Gaap Basis)	Final Bduget (Gaap Basis)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 733,000	\$ 733,000	\$ 736,784	\$ 3,784
Investment earnings	3,000	3,000	5,695	2,695
Total Revenues	736,000	736,000	742,479	6,479
EXPENDITURES:				
Current:				
Economic environment	440,700	722,500	515,262	207,238
Total Expenditures	440,700	722,500	515,262	207,238
Excess (deficiency) of revenues				
Over (Under) Expenditures	295,300	13,500	227,217	213,717
Net change in fund balances	295,300	13,500	227,217	213,717
Fund balances - beginning	906,875	906,875	912,558	5,683
Fund Balances - Ending	\$ 1,202,175	\$ 920,375	\$ 1,139,775	\$ 219,400

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
DRUG SEIZURE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget (Gaap Basis)	Final Budget (Gaap Basis)	Actual Results	Variance With Final Budget positive (Negative)
REVENUES:				
Investment earnings	\$ -	\$ -	\$ 72	\$ 72
Fines and forfeitures	60,000	60,000	79,930	19,930
Total Revenues	60,000	60,000	80,002	20,002
EXPENDITURES:				
Current:				
Public safety	45,000	425,000	366,256	58,744
Capital outlay:				
Public safety	-	-	39,969	(39,969)
Total Expenditures	45,000	425,000	406,225	58,744
Excess (deficiency) of revenues				
Over (Under) Expenditures	15,000	(365,000)	(326,223)	38,777
Net change in fund balances	15,000	(365,000)	(326,223)	38,777
Fund Balances - beginning	461,635	461,635	553,539	91,904
Fund Balances - Ending	\$ 476,635	\$ 96,635	\$ 227,316	\$ 130,681

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
RESIDENTIAL STREET CAPITAL PROJECT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget (Gaap Basis)	Final Budget (Gaap Bais)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 1,894,000	\$ 1,894,000	\$ 1,073,144	\$ (820,856)
Charges for services	-	-	6,133	6,133
Investment earnings	1,500	1,500	40,239	38,739
Miscellaneous	1,902,000	1,902,000	-	(1,902,000)
Total Revenues	3,797,500	3,797,500	1,119,516	(2,677,984)
EXPENDITURES:				
Current:				
Transportation	75,000	75,000	646,064	(571,064)
Capital outlay	9,278,000	3,478,000	3,492,805	(14,805)
Total Expenditures	9,353,000	3,553,000	4,138,869	(585,869)
Excess Of Revenues And Expenditures	(5,555,500)	244,500	(3,019,352)	(3,263,852)
OTHER FINANCING SOURCES (USES):				
Bond proceeds	5,600,000	5,600,000	8,180,000	2,580,000
Premium on Bonds	-	-	356,839	356,839
Total Other Financing Sources And Uses	5,600,000	5,600,000	8,536,839	2,936,839
Net change in fund balances	44,500	5,844,500	5,517,486	(327,014)
Fund balances - beginning	833,331	833,331	658,932	(174,399)
Fund Balances - Ending	\$ 877,831	\$ 6,677,831	\$ 6,176,418	\$ (501,413)

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
LAND & PARK ACQUISITION CAPITAL PROJECT FUND
FOR THE YEAR ENDED DECEMBER 31,2017

	Original Budget (Gaap Basis)	Final Budget (Gaap Bais)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 400,000	\$ 400,000	\$ 756,747	\$ 356,747
Intergovernmental	131,000	131,000	231,972	100,972
Investment earnings	1,000	1,000	16,735	15,735
Total Revenues	532,000	532,000	1,067,765	535,765
EXPENDITURES:				
Current:				
Culture and recreation	-	-	268,433	(268,433)
Capital outlay	1,139,000	3,139,000	205,879	2,933,121
Total Expenditures	1,139,000	3,139,000	474,312	2,664,688
Excess Of Revenues And Expenditures	(607,000)	(2,607,000)	593,453	3,200,453
Net change in fund balances	(423,000)	(2,423,000)	715,643	3,138,643
Fund balances - beginning	2,713,123	2,713,123	3,352,113	638,990
Fund Balances - Ending	\$ 2,290,123	\$ 290,123	\$ 4,067,756	\$ 3,777,633

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FACILITIES URBAN RENEWAL CAPITAL PROJECT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget (Gaap Basis)	Final Budget (Gaap Basis)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Investment earnings	\$ 3,600	\$ 3,600	\$ 12,252	\$ 8,652
Total Revenues	3,600	3,600	12,252	8,652
EXPENDITURES:				
Current:				
General Government	-	-	54,124	(54,124)
Capital outlay	60,000	60,000	-	60,000
Total Expenditures	60,000	60,000	54,124	5,876
Excess Of Revenues And Expenditures	(56,400)	(56,400)	(41,872)	14,528
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	3,483,000	3,233,000	(100,000)	(3,333,000)
Transfers out	(1,800,000)	(1,800,000)	(300,000)	1,500,000
Total Other Financing Sources And Uses	1,683,000	1,433,000	(400,000)	(1,833,000)
Net change in fund balances before special item	1,626,600	1,376,600	(441,872)	(1,818,472)
Fund balances - beginning	370,706	370,706	7,940,040	7,569,334
Fund Balances - Ending	\$ 1,997,306	\$ 1,747,306	\$ 7,498,169	\$ 5,750,863

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL GOVERNMENT IMPROVEMENTS CAPITAL PROJECT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget (Gaap Basis)	Final Budget (Gaap Basis)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Investment earnings	\$ 500	\$ 500	\$ 2,487	\$ 1,987
Total Revenues	500	500	2,487	1,987
EXPENDITURES:				
Current:				
General Government	-	-	148,126	(148,126)
Capital outlay	290,794	290,794	77,463	213,331
Total Expenditures	290,794	290,794	225,589	65,205
Excess Of Revenues And Expenditures	(290,294)	(290,294)	(223,102)	67,192
OTHER FINANCING SOURCES (USES):				
Transfers in	200,000	200,000	200,000	-
Total Other Financing Sources And Uses	200,000	200,000	200,000	-
Net change in fund balances	(90,294)	(90,294)	(23,102)	67,192
Fund balances - beginning	334,349	334,349	391,903	57,554
Fund Balances - Ending	\$ 244,055	\$ 244,055	\$ 368,801	\$ 124,746

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FIRE IMPROVEMENTS CAPITAL PROJECT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget (Gaap Basis)	Final Budget (Gaap Bais)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Fire impact fees	\$ 32,000	\$ 32,000	\$ 285,075	\$ 253,075
Investment earnings	100	100	2,617	2,517
Total Revenues	32,100	32,100	287,693	255,593
EXPENDITURES:				
Total Expenditures	-	-	-	-
Excess Of Revenues And Expenditures	32,100	32,100	287,693	255,593
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(1,017,000)	(1,017,000)	-
Total Other Financing Sources And Uses	-	(1,017,000)	(1,017,000)	-
Net change in fund balances	32,100	(984,900)	(729,307)	255,593
Fund balances - beginning	645,631	645,631	736,518	90,887
Fund Balances - Ending	\$ 677,731	\$ (339,269)	\$ 7,210	\$ 346,479

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
CITY FACILITIES CAPITAL PROJECT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget (Gaap Basis)	Final Budget (Gaap Bais)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Total Revenues	-	210,000	141,854	(68,146)
EXPENDITURES:				
Current:				
Public Safety	150,000	150,000	-	150,000
Capital outlay	6,000,000	6,000,000	283,709	5,716,291
Total Expenditures	6,150,000	6,150,000	283,709	5,866,291
Excess Of Revenues And Expenditures	(6,150,000)	(5,940,000)	(141,854)	5,798,146
Net change in fund balances	-	420,000	-	(420,000)
Fund balances - beginning	-	-	-	-
Fund Balances - Ending	\$ -	\$ 420,000	\$ -	\$ (420,000)

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
SPECIAL ASSESSMENT BONDS GUARANTY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget (Gaap Basis)	Final Budget (Gaap Bais)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Investment earnings	\$ 500	\$ 500	\$ 79	\$ (421)
Total Revenues	500	500	79	(421)
EXPENDITURES:				
Total Expenditures	-	-	-	-
Excess Of Revenues And Expenditures	500	500	79	(421)
OTHER FINANCING SOURCES (USES):				
Total Other Financing Sources And Uses	-	-	-	-
Net change in fund balances	500	500	79	(421)
Fund balances - beginning	669,151	669,151	669,150	(1)
Fund Balances - Ending	\$ 669,651	\$ 669,651	\$ 669,229	\$ (422)

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
UNLIMITED TAX GENERAL OBLIGATION DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget (Gaap Basis)	Final Budget (Gaap Bais)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ -	\$ 2,699,000	\$ 2,674,622	\$ (24,378)
Total Revenues	-	2,699,000	2,674,622	(24,378)
EXPENDITURES:				
Debt service:				
Principal	-	1,115,000	1,115,000	-
Interest	-	1,496,709	1,496,709	-
Total Expenditures	-	2,611,709	2,611,709	-
Excess Of Revenues And Expenditures	-	87,291	62,913	(24,378)
Net change in fund balances	-	87,291	62,913	(24,378)
Fund balances - beginning	-	-	-	-
Fund Balances - Ending	\$ -	\$ 87,291	\$ 62,913	\$ (24,378)

CITY OF TUKWILA, WASHINGTON
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
DEBT SERVICE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget (Gaap Basis)	Final Budget (Gaap Bais)	Actual Results	Variance With Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 61,667	\$ 61,667	\$ 57,504	\$ (4,163)
Total Revenues	61,667	61,667	57,504	(4,163)
EXPENDITURES:				
Current:				
General Government	-	-	25,067	(25,067)
Debt service:				
Principal	2,163,029	2,163,029	1,991,428	171,601
Interest	1,012,103	1,110,551	847,222	263,329
Total Expenditures	3,175,132	3,273,580	2,863,716	(409,864)
Excess Of Revenues And Expenditures	(3,113,465)	(3,211,913)	(2,806,212)	405,701
OTHER FINANCING SOURCES (USES):				
Bond proceeds	427,461	2,777,461	2,276,000	(501,461)
Payment of refunded debt	-	(2,339,000)	(2,250,000)	89,000
Transfers in	2,686,004	2,773,452	2,773,452	-
Total Other Financing Sources And Uses	3,113,465	3,211,913	2,799,452	(412,461)
Net change in fund balances	-	-	(6,760)	(6,760)
Fund balances - beginning	168,475	168,475	394,625	226,150
Fund Balances - Ending	\$ 168,475	\$ 168,475	\$ 387,865	\$ 219,390

NON-MAJOR INTERNAL SERVICE FUNDS

Internal Service Funds

The City's internal service funds are used to account for the financing of special services performed by designated departments within the City of Tukwila for the benefit of other departments within the City. The funds provide services then generate revenue by billing the department for which the service was provided.

- Equipment Rental Fund – Accounts for the costs of maintaining and replacing all City vehicles and auxiliary equipment. All equipment costs, including depreciation, are factors in calculating the rates which are charged to each user department.
- Insurance Fund Active Employees – Accounts for the costs of the City's self-insured medical plan. Medical and dental costs for covered employees are charged to the respective departments. All premiums, medical and dental costs and ancillary charges are included.
- Insurance Fund LEOFF 1 Retirees – Accounts for the costs of the City's self-insured medical plan for LEOFF 1 retirees. Medical and dental costs for covered employees are charged to the respective departments, either the Police Department or the Fire Department. All premiums, medical and dental costs and ancillary charges are included.

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2017

	Equipment Rental	Insurance - Active Employees	Insurance - Leoff I Retirees	Total Internal Service Funds
ASSETS:				
Current assets				
Cash and cash equivalents	\$ 4,185,067	\$ 588,869	\$ 440,547	\$ 5,214,483
Investments	392,962	2,355,984	456,125	3,205,071
Receivables	18,235	53,989	-	72,224
Inventory of materials and supplies	18,760	-	-	18,760
Total Current Assets	4,615,023	2,998,843	896,672	8,510,538
NONCURRENT ASSETS:				
Capital Assets:				
Machinery and equipment	15,973,404	-	-	15,973,404
Less: accumulated depreciation	(10,848,599)	-	-	(10,848,599)
Total Capital Assets (Net Of A/D)	5,124,804	-	-	5,124,804
Total Noncurrent Assets	5,124,804	-	-	5,124,804
Total Assets	9,739,828	2,998,843	896,672	13,635,342
Deferred Outflow s of Resources				
Deferred outflow pension earnings	38,954	-	-	38,954
Total Deferred Outflow s Of Resources	38,954	-	-	38,954
LIABILITIES:				
Current liabilities:				
Accounts payable	114,648	88,248	12,409	215,305
Accrued wages and benefits	25,906	-	-	25,906
Claims incurred but not reported	-	737,600	73,700	811,300
Total Current Liabilities	140,554	825,848	86,109	1,052,511
Noncurrent liabilities:				
Reserve for unreported claims	-	1,106,400	110,550	1,216,950
Net pension liability	279,426	-	-	279,426
Total Noncurrent Liabilities	279,426	1,106,400	110,550	1,496,376
Total Liabilities	419,980	1,932,248	196,659	2,548,887
Deferred Inflow s of Resources				
Deferred inflow pension earnings	55,427	-	-	55,427
Total Deferred Inflow s Of Resources	55,427	-	-	55,427
NET POSITION:				
Investment in capital assets	5,124,805	-	-	5,124,805
Unrestricted	4,178,570	1,066,595	700,012	5,945,177
Total Net Position	\$ 9,303,375	\$ 1,066,595	\$ 700,012	\$ 11,069,982

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Equipment Rental	Insurance - Active Employees	Insurance- Leoff I Retirees	Total Internal Service Funds
OPERATING REVENUES:				
Charges for services	\$ 2,538,237	\$ 5,731,274	\$ 253,445	\$ 8,522,957
Other operating revenue	300	114,244	-	114,545
Total Operating Revenue	2,538,538	5,845,519	253,445	8,637,501
OPERATING EXPENSES:				
Operations & maintenance	1,326,558	6,206,072	417,740	7,950,371
Administrative & general	322,910	123,117	12,549	458,576
Depreciation	833,469	-	-	833,469
Total Operating Expenses	2,482,937	6,329,189	430,289	9,242,416
Operating Income (Loss)	55,600	(483,671)	(176,844)	(604,914)
NON-OPERATING REVENUE (EXPENSE):				
Investment earnings	45,818	55,442	(5,621)	95,639
Gain (loss) on disposal of capital assets	100,509	-	-	100,509
Total Non-Operating Revenue (Expense)	146,327	55,442	(5,621)	196,148
Income (Loss)	201,928	(428,229)	(182,466)	(408,767)
Change In Net Position	201,928	(428,229)	(182,466)	(408,767)
Net position beginning of year	9,101,447	1,494,823	882,478	11,478,749
Net Position end of year	\$ 9,303,375	\$ 1,066,595	\$ 700,012	\$ 11,069,982

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

Page 1 of 2

	Equipment Rental	Insurance - Active Employees	Insurance- Leoff I Retirees	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from users	\$ 2,522,836	\$ 5,815,445	\$ 253,445	\$ 8,591,726
Cash paid to suppliers	(1,081,562)	(108,437)	(14,754)	(1,204,753)
Cash paid for taxes	(1)	-	-	(1)
Cash paid to, or on behalf of, employees	(569,762)	(6,146,754)	(413,645)	(7,130,160)
Net Cash Provided (Used)				
By Operating Activities	871,511	(439,746)	(174,954)	256,811
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceed from sale of equipment	100,509	-	-	100,509
Purchase of capital asset	(1,250,161)	-	-	(1,250,161)
Net Cash Provided (Used) For Capital And Related Financing Activities	(1,149,652)	-	-	(1,149,652)
CASH FLOW FROM INVESTING ACTIVITIES:				
Proceeds from sale of investments	135,000	-	-	135,000
Purchase of investments	-	(13,494)	(500,000)	(513,494)
Interest received	42,497	90,339	38,254	171,089
Net Cash Provided (Used) In Investing Activities	177,497	76,845	(461,746)	(207,405)
Net Increase (Decrease) In Cash And Cash Equivalents	(100,644)	(362,901)	(636,701)	(1,100,246)
Cash and cash equivalents-beginning of year	4,285,711	951,771	1,077,247	6,314,729
Cash And Cash Equivalents-End Of Year	\$ 4,185,067	\$ 588,869	\$ 440,547	\$ 5,214,483
Cash at end of year consists of:				
Cash and cash equivalents	\$ 4,185,067	\$ 588,869	\$ 440,547	5,214,483
Total Cash	\$ 4,185,067	\$ 588,869	\$ 440,547	\$ 5,214,483

CITY OF TUKWILA, WASHINGTON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

Page 2 of 2

	Equipment Rental	Insurance - Active Employees	Insurance- Leoff I Retirees	Total Internal Service Funds
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**RECONCILIATION OF NET OPERATING INCOME TO NET CASH
 PROVIDED BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$ 55,600	\$ (483,671)	\$ (176,844)	\$ (604,914)
Adjustments to reconcile operating income to net cash Provided (used) by operating activities:				
Depreciation	833,469	-	-	833,469
Asset (increases) decreases:				
Accounts receivable	(15,701)	(30,074)	-	(45,775)
Inventory	(3,487)	-	-	(3,487)
Deferred outflow of resources (increase) decrease	25,394	-	-	25,394
Liability increases (decreases):				
Accounts payable	31,699	73,998	1,890	107,588
Wages and benefits payable	6,208	-	-	6,208
Deferred inflow of resources increase (decrease)	(61,671)	-	-	(61,671)
Total Adjustments	815,911	43,924	1,890	861,725
Net Cash Provided (Used) By Operating Activities	\$ 871,511	\$ (439,746)	\$ (174,954)	\$ 256,812

**SCHEDULE OF NONCASH INVESTING, CAPITAL AND
 FINANCING ACTIVITIES**

Increase in fair value of investment	\$ 422	\$ -	\$ -	\$ 422
Total Non Cash Investing, Capital And Financing Activities	\$ 422	\$ -	\$ -	\$ 422

CITY OF TUKWILA, WASHINGTON
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Balance				Balance	
	January 1, 2017		Additions		Deductions	December 31, 2017
ASSETS						
Cash and cash equivalents	\$ 201,739	\$	1,026,290	\$	(916,630)	\$ 311,398
Receivables	55,543		175,027		(227,636)	2,934
Total Assets	257,282		1,201,316		(1,144,266)	314,332
LIABILITIES						
Accounts and other payables	257,282		1,827,851		(1,770,800)	314,332
Total Liabilities	\$ 257,282	\$	1,827,851	\$	(1,770,800)	\$ 314,332

The notes to the financial statements are an integral part of this statement.

City of Tukwila
STATISTICAL SECTION
 December 31, 2017

Financial Trends Information

Financial trends schedules are intended to provide users with information to assist them in understanding and assessing how the City's financial position has changed over time.

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Schedule 3	Fund Balances, Governmental Funds.....	146
Schedule 4	Changes in Fund Balances, Governmental Funds	148
Schedule 5	General Governmental Tax Revenues by Source	150

Revenue Capacity Information

The objective of providing revenue capacity information is to help users understand and assess the factors affecting the City's ability to generate its most significant local source revenues.

Schedule 6	Property Tax Levies and Collections.....	151
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Schedule 10	Retail Sales Tax Collections by Sector	156
Schedule 11	Sales Tax Rate Direct and Overlapping Governments	158

Debt Capacity Information

Debt capacity information is intended to assist users to understand and assess the City's current levels of outstanding debt and ability to issue additional debt in the future.

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Schedule 14	Computation of Direct and Overlapping Debt	163
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Demographic and Economic Information

These Schedules offer demographic and economic information to assist users in understanding certain aspects of the environment within which the City operates and to provide information that facilitates comparisons of financial statement information over time and across governmental units.

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Operating Information

These Schedules contain service and infrastructure data to help users understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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CITY OF TUKWILA
SCHEDULE 1
NET POSITION BY COMPONENT^(a)
 LAST TEN FISCAL YEARS

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	2008	2009	2010	2011
Governmental activities:				
Net investment in capital assets	\$ 136,742,368	\$ 155,847,012	\$ 177,078,793	\$ 199,511,779
Restricted	19,720,546	16,360,097	23,005,792	5,019,817
Unrestricted	18,476,837	16,031,473	12,119,923	21,479,064
Total governmental activities net position	\$ 174,939,751	\$ 188,238,582	\$ 212,204,508	\$ 226,010,660
Business-type activities:				
Net investment in capital assets	\$ 36,071,402	\$ 38,052,488	\$ 44,759,489	\$ 52,134,799
Restricted	439,100	438,619	430,444	430,444
Unrestricted	13,335,836	10,987,162	11,158,081	10,225,558
Total business-type activities net position	\$ 49,846,338	\$ 49,478,269	\$ 56,348,014	\$ 62,790,801
Primary government:				
Net investment in capital assets	\$ 172,813,770	\$ 193,899,500	\$ 221,838,282	\$ 248,636,920
Restricted	20,159,646	16,798,716	23,436,236	5,450,261
Unrestricted	31,812,673	27,018,635	23,278,004	34,714,280
Total primary government net position	\$ 224,786,089	\$ 237,716,851	\$ 268,552,522	\$ 288,801,461

Notes:

(a) All amounts are reported on the accrual basis

Source:

Tukwila Finance Department

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2012	2013	2014	2015	2016	2017
\$ 203,206,940	\$ 207,660,389	\$ 191,081,461	\$ 191,331,156	\$ 193,113,026	\$ 199,328,694
2,749,680	3,480,002	3,973,726	5,446,074	8,996,183	13,480,068
20,194,333	26,981,105	25,009,212	16,125,592	15,809,945	11,366,545
\$ 226,150,953	\$ 238,121,496	\$ 220,064,399	\$ 212,902,822	\$ 217,919,155	\$ 224,175,306
\$ 52,911,741	\$ 55,955,595	\$ 57,677,764	\$ 59,483,424	\$ 60,807,030	\$ 65,355,778
430,444	430,444	430,444	-	-	-
11,011,319	12,964,539	13,839,529	14,658,912	17,240,620	17,425,401
\$ 64,353,504	\$ 69,350,577	\$ 71,947,736	\$ 74,142,335	\$ 78,047,650	\$ 82,781,179
\$ 253,253,170	\$ 263,615,984	\$ 248,759,225	\$ 250,814,581	\$ 253,920,056	\$ 264,684,471
3,180,123	3,910,445	4,404,170	5,446,074	8,996,183	13,480,068
34,071,164	39,945,644	38,848,741	30,784,504	33,050,565	28,791,946
\$ 290,504,457	\$ 307,472,073	\$ 292,012,136	\$ 287,045,158	\$ 295,966,804	\$ 306,956,485

CITY OF TUKWILA, WASHINGTON
SCHEDULE 2
CHANGES IN NET POSITION ^(a)

Page 1 of 2

	2008	2009	2010	2011
Expenses				
Governmental Activities				
General Government	\$ 4,723,103	\$ 6,689,659	\$ 7,052,717	\$ 9,150,573
Public Safety	24,147,992	26,959,352	26,088,644	25,348,318
Physical Environment	2,862,487	2,575,405	2,533,394	2,885,175
Transportation	5,864,297	5,541,367	6,015,197	6,872,708
Economic Environment	5,017,935	4,637,531	4,579,338	4,712,832
Mental and Physical Health	4,173	4,332	4,539	4,591
Culture and Recreation	4,797,856	4,914,256	4,756,676	4,203,824
Interest on Long Term Debt	1,844,224	753,904	1,061,419	472,438
Total Governmental Activities	49,262,067	52,075,806	52,091,924	53,650,459
Business Type Activities				
Water/Sewer Utility	7,293,362	9,293,434	9,343,368	10,092,903
Foster Golf Course	1,968,595	2,050,172	1,935,014	1,986,747
Surface Water Utility	1,762,417	2,299,394	2,476,170	2,588,098
Total Business Type Activities	11,024,374	13,643,000	13,754,552	14,667,748
Total Primary Government Expenses	\$ 60,286,441	\$ 65,718,806	\$ 65,846,476	\$ 68,318,207
Program Revenues				
Governmental Activities				
Charges for Services				
General Government	\$ 895,966	\$ 1,136,642	\$ 1,080,801	\$ 2,462,671
Public Safety	1,184,530	572,094	819,043	809,806
Physical Environment	1,200	-	6,200	7,572
Transportation	130,637	103,311	571,110	345,373
Economic Environment	2,476,501	1,001,511	1,787,274	1,722,285
Cultural and Recreation	711,542	647,354	811,679	1,001,117
Operating Grants and Contributions	1,325,163	3,386,269	2,139,029	2,250,601
Capital Grants and Contributions	2,282,592	14,784,074	23,992,563	18,495,127
Total Governmental Activities Program Revenues	9,008,131	21,631,255	31,207,699	27,094,552
Business Type Activities				
Charges for Services				
Water/Sewer Utility	8,621,909	10,124,653	9,665,095	11,711,242
Foster Golf Course	1,563,681	1,424,595	1,425,327	1,304,016
Surface Water Utility	2,642,325	2,641,313	3,029,630	3,355,956
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	756,400	515,633	7,390,545	1,993,537
Total Business Type Activities Program Revenues	13,584,315	14,706,194	21,510,597	18,364,751
Total Primary Government Program Revenues	22,592,446	36,337,449	52,718,296	45,459,303
Net (Expense)/Revenue				
Governmental Activities	(40,253,937)	(30,444,551)	(20,884,225)	(26,555,907)
Business Type Activities	2,559,941	1,063,194	7,756,045	3,697,003
Total Primary Government Net Expense	\$ (37,693,996)	\$ (29,381,357)	\$ (13,128,180)	\$ (22,858,904)
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Property Tax	\$ 11,656,979	\$ 11,901,072	\$ 13,363,096	\$ 13,443,137
Retail Sales and Use Tax	18,009,297	14,588,297	14,669,328	15,796,054
Natural Gas Use Tax	643,037	748,772	533,811	317,531
Hotel/Motel Tax	587,216	489,806	458,092	555,682
Utility Tax	5,136,444	7,390,860	5,600,683	7,534,260
Interfund Utility Taxes	-	-	-	-
Business Tax	2,497,705	3,196,178	4,205,574	667,679
Excise Tax	983,078	367,198	507,798	2,170,293
State Entitlements	874,046	2,233,445	1,951,936	2,085,740
Unrestricted Investment Earnings	801,847	246,287	108,929	275,477
Gain/Loss on Sale of Capital Assets	(186,663)	980,267	-	-
Miscellaneous	-	-	-	-
Transfers	1,383,774	1,601,200	1,399,310	525,864
Total Governmental Activities	42,386,760	43,743,382	42,798,557	43,371,717
Business Type Activities				
Retail Sales and Use Taxes	500,000	327,999	329,527	-
Unrestricted Investment Interest	377,955	106,032	85,942	61,119
Gain/Loss on Sale of Capital Assets	-	(264,093)	-	-
Miscellaneous	-	-	97,541	200,871
Transfers	(1,383,774)	(1,601,200)	(1,399,310)	(525,864)
Total Business Type Activities	(505,819)	(1,431,262)	(886,300)	(263,874)
Total Primary Government	\$ 41,880,941	\$ 42,312,120	\$ 41,912,257	\$ 43,107,843
Change in Net Position Before Special Item	4,186,945	12,930,763	28,784,077	20,248,939
Special Item				
Change in Net Position	4,186,945	12,930,763	28,784,077	20,248,939
Governmental Activities	\$ 2,132,823	\$ 13,298,831	\$ 21,914,332	\$ 16,815,810
Business Type Activities	2,054,122	(368,068)	6,869,745	3,433,129
Total Primary Government	\$ 4,186,945	\$ 12,930,763	\$ 28,784,077	\$ 20,248,939

Notes:

(a) All amounts are reported on the accrual basis

Source:

Tukwila Finance Department

Page 2 of 2

2012	2013	2014	2015	2016	2017
\$ 8,343,107	\$ 10,195,049	\$ 10,289,399	\$ 8,042,254	\$ 9,662,207	\$ 9,835,290
26,598,432	25,938,946	29,292,587	29,403,206	31,418,713	31,190,347
3,625,696	2,610,591	11,668,098	2,611,297	2,554,259	2,545,144
7,314,707	7,658,280	2,479,533	11,069,605	11,188,189	12,236,551
4,801,342	5,209,954	5,716,091	5,782,907	4,410,841	4,523,596
-	-	-	-	-	-
4,242,725	5,635,347	5,336,659	5,125,227	5,431,324	5,582,038
1,152,063	1,038,851	1,204,771	1,033,440	1,075,729	2,481,559
56,078,072	58,287,017	65,987,138	63,067,935	65,741,262	68,394,526
10,149,557	10,421,064	12,752,125	13,186,236	13,984,368	14,305,425
1,701,131	1,707,993	1,945,789	2,086,586	2,077,536	1,989,972
2,699,767	2,563,132	3,310,716	4,147,974	4,088,360	4,209,325
14,550,455	14,692,189	18,008,631	19,420,796	20,150,264	20,504,722
\$ 70,628,527	\$ 72,979,205	\$ 83,995,769	\$ 82,488,731	\$ 85,891,525	\$ 88,899,247
\$ 1,332,418	\$ 1,495,438	\$ 3,858,862	\$ 3,794,134	\$ 3,742,937	\$ 4,144,986
684,744	871,919	970,594	1,754,856	4,130,701	1,540,863
4,939	27,407	196,506	-	464	-
1,004,911	287,956	8,425	206,065	454,525	2,206,908
2,323,528	2,786,178	726,869	3,348,802	2,434,546	2,270,759
481,404	744,014	2,793,185	644,283	1,140,558	1,315,740
4,411,618	3,289,818	2,563,002	893,470	1,079,020	2,445,998
1,581,882	16,947,529	8,053,435	6,431,537	5,000,942	6,126,880
11,825,444	26,450,258	19,170,879	17,073,146	17,983,694	20,052,136
11,758,658	13,146,131	14,308,945	15,572,709	15,661,118	16,580,965
1,448,729	1,404,264	1,406,440	1,482,288	1,426,385	1,313,871
3,827,010	3,913,184	4,168,313	5,286,233	5,875,343	6,200,589
-	-	-	-	25,000	8,435
135,603	338,943	1,548,280	2,039,890	767,732	834,392
17,170,000	18,802,521	21,431,978	24,381,122	23,755,578	24,938,251
28,995,444	45,252,779	40,602,857	41,454,268	41,739,272	44,990,386
(44,252,628)	(31,836,759)	(46,816,260)	(45,994,789)	(47,757,566)	(48,342,390)
2,619,546	4,110,332	3,423,348	4,960,326	3,605,314	4,433,529
\$ (41,633,082)	\$ (27,726,426)	\$ (43,392,912)	\$ (41,034,463)	\$ (44,152,252)	\$ (43,908,861)
\$ 14,131,605	\$ 14,510,241	\$ 14,870,621	\$ 14,320,085	\$ 14,562,501	\$ 17,667,590
15,441,683	16,316,398	17,105,322	19,334,152	18,908,190	18,807,201
232,208	204,457	-	-	-	-
522,033	526,832	596,781	677,971	710,267	736,784
5,535,966	3,879,992	3,855,544	4,019,288	4,045,916	4,175,013
-	1,686,859	1,851,013	2,061,098	2,146,515	2,265,747
2,497,606	2,570,111	2,555,999	2,749,140	2,716,257	2,698,352
2,860,948	2,745,475	3,512,894	5,321,281	6,508,665	5,380,662
1,895,647	1,861,511	1,735,637	1,843,634	1,915,810	1,915,940
116,694	102,486	444,282	475,345	559,733	838,630
-	-	-	-	-	-
101,688	304,704	179,394	280,551	1,000,049	2,328,565
1,056,843	1,060,650	(600,000)	-	(300,000)	(300,000)
44,392,921	45,769,716	46,107,488	51,082,545	52,773,904	56,514,482
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(1,056,843)	(1,060,650)	600,000	-	300,000	300,000
(1,056,843)	(1,060,650)	600,000	-	300,000	300,000
\$ 43,336,078	\$ 44,709,066	\$ 46,707,488	\$ 51,082,545	\$ 53,073,904	\$ 56,814,482
1,702,996	16,982,640	3,314,576	10,048,082	8,921,652	12,905,621
-	-	(1,995,000)	(956,798)	-	-
1,702,996	16,982,640	1,319,576	9,091,285	8,921,652	12,905,621
\$ 140,293	\$ 13,932,957	\$ (2,703,772)	\$ 3,830,958	\$ 5,016,337	\$ 6,256,152
1,562,703	3,049,682	4,023,348	5,260,326	3,905,314	4,733,529
\$ 1,702,996	\$ 16,982,640	\$ 1,319,576	\$ 9,091,285	\$ 8,921,651	\$ 10,989,681

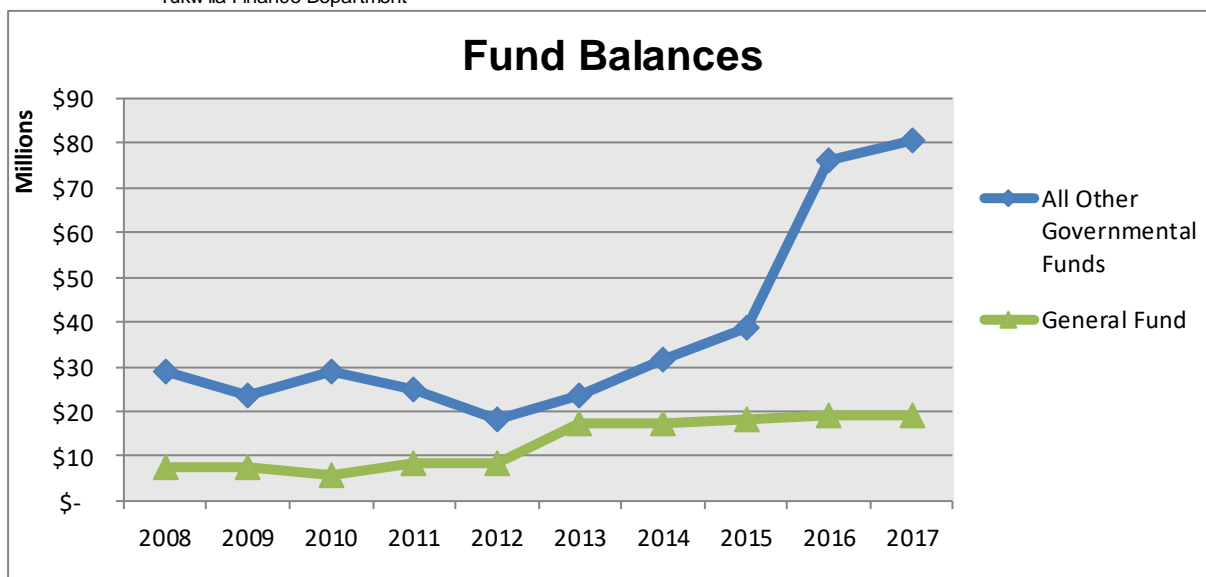
CITY OF TUKWILA, WASHINGTON
SCHEDULE 3
FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Page 1 of 2

	2008	2009	2010	2011
General Fund (GASB 54)				
Nonspendable	\$ -	\$ -	\$ -	\$ 5,000
Restricted	-	-	-	-
Committed	-	-	-	18,000
Assigned	-	-	-	-
Unassigned	-	-	-	8,237,141
General Fund (Prior to GASB 54)				
Reserved	17,800	17,900	17,900	-
Unreserved	7,687,515	7,371,530	5,739,140	-
Total general fund	\$ 7,705,315	\$ 7,389,430	\$ 5,757,040	\$ 8,260,141
All other governmental funds (GASB 54)				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	5,014,817
Committed	-	-	-	402,306
Assigned	-	-	-	11,127,221
Unassigned	-	-	-	-
All other governmental funds (Prior to GASB 54)				
Reserved	-	-	-	-
Unreserved, reported in:				
Special revenue funds	12,943,487	9,123,401	14,461,546	-
Debt service funds	1,248,901	135,438	3,051	-
Capital Projects funds	6,831,634	7,101,258	8,541,195	-
Total all other governmental funds	\$ 21,024,022	\$ 16,360,097	\$ 23,005,792	\$ 16,544,344

Note: In 2011 the City of Tukwila implemented GASB Statement No. 54, which changed the categories for fund balances. Balances prior to 2011 were not restated to the new standards.

Source:
 Tukwila Finance Department



Page 2 of 2

2012	2013	2014	2015	2016	2017
\$ -	\$ 1,743,362	\$ 1,544,022	\$ 1,340,914	\$ 1,141,484	\$ 927,373
-	-	-	-	-	-
-	-	-	-	-	-
-	225,000	5,771,471	6,078,648	6,277,929	105,000
8,378,557	15,317,624	10,181,057	10,911,244	11,612,330	18,040,352
-	-	-	-	-	-
-	-	-	-	-	-
\$ 8,378,557	\$ 17,285,986	\$ 17,496,550	\$ 18,330,806	\$ 19,031,744	\$ 19,072,725
\$ -	\$ -	\$ 7,370,000	\$ 7,645,000	\$ 7,645,000	\$ -
2,749,681	3,480,001	3,973,726	5,446,074	45,986,463	51,236,443
-	-	-	-	-	-
7,021,183	4,510,623	4,076,803	7,221,870	3,389,139	10,282,709
-	(1,566,175)	(1,360,218)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 9,770,864	\$ 6,424,449	\$ 14,060,311	\$ 20,312,943	\$ 57,020,602	\$ 61,519,152

CITY OF TUKWILA, WASHINGTON
SCHEDULE 4
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS ^(a)
 LAST TEN FISCAL YEARS

page 1 of 2

	2008	2009	2010	2011
Revenues				
Taxes	\$ 37,412,569	\$ 37,167,281	\$ 37,267,918	\$ 38,035,681
Licenses and Permits	2,022,851	1,283,463	1,618,830	3,473,910
Intergovernmental	5,697,598	17,596,486	14,525,872	24,059,907
Charges for Services	2,569,381	1,443,680	2,366,174	2,359,600
Fines and Forfeitures	259,991	301,761	390,079	308,027
Investment Income	926,913	282,604	144,258	275,479
Special Assessments	-	-	-	-
Miscellaneous	816,054	701,957	891,307	356,409
Total Revenues	49,705,357	58,777,232	57,204,438	68,869,013
Expenditures				
General Government	7,992,286	8,574,563	8,387,317	8,253,440
Public Safety	22,878,689	25,576,932	24,676,370	24,327,498
Physical Environment	2,255,880	2,058,913	1,724,147	2,060,482
Transportation	2,783,077	2,334,298	2,332,178	2,676,511
Economic Environment	4,995,514	4,601,391	4,541,845	4,682,646
Mental & Physical Health	4,173	4,332	4,539	4,591
Culture and Recreation	4,293,658	4,365,023	4,163,503	3,507,150
Debt Service				
Principal	972,000	1,316,297	1,555,028	1,766,774
Interest	872,224	778,018	849,148	881,850
Capital Outlay	6,089,703	16,860,362	11,513,976	25,643,704
Total Expenditures	53,137,204	66,470,129	59,748,051	73,804,646
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,431,846)	(7,692,894)	(2,543,613)	(4,935,633)
Other Financing Sources (Uses)				
Transfers In	2,515,982	3,865,744	2,461,806	11,001,619
Transfers In - Assessment				
Transfers Out	(1,107,543)	(2,234,444)	(1,020,857)	(10,061,205)
Capital Leases	-	-	110,509	15,468
Sale of Capital Assets	53,592	1,014,608	27,308	21,406
General Obligation Bonds Issued	-	-	6,935,000	5,055,688
General Obligation Refunding Bonds Issued	6,180,000	6,947,574	-	-
LID Bonds Assessment	-	-	-	-
Operating Loan-Tukwila MPD	-	-	-	-
Premium on General Obligation Debt	-	-	112,151	-
Premium on General Obligation Refunding Debt	483,599	-	-	-
Issuance Costs on General Obligation Refunding Debt	(108,326)	-	-	-
Payment to Refunded Bond Escrow Agent	(6,555,273)	(6,880,397)	(1,069,000)	(5,055,688)
Total Other Financing Sources (Uses)	1,462,031	2,713,085	7,556,917	977,288
Change in Fund Balance Before Special Item	(1,969,815)	(4,979,809)	5,013,304	(3,958,345)
Special Item	-	-	-	-
Net Change in Fund Balances	\$ (1,969,815)	\$ (4,979,809)	\$ 5,013,304	\$ (3,958,345)

Ratio of Debt Service Expenditures To Total Non-Capital Expenditures	4.1%	4.4%	5.2%	5.8%
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Note:

(a) All amounts are reported on the modified - accrual basis

Source:

Tukwila Finance Department

page 2 of 2

2012	2013	2014	2015	2016	2017
\$ 41,502,608	\$ 42,402,070	\$ 44,441,783	\$ 48,548,116	\$ 49,588,492	\$ 51,655,075
1,604,594	2,013,875	2,114,638	2,242,256	2,129,221	2,749,137
7,626,487	7,190,325	14,298,126	11,839,883	10,067,413	12,739,774
3,974,356	3,747,646	3,838,531	3,935,248	3,911,473	5,767,228
220,752	242,638	264,934	261,457	318,459	325,216
106,286	151,911	479,219	475,345	541,299	826,864
-	2,788,350	701,723	650,415	542,180	478,838
131,979	427,368	354,395	332,268	957,158	942,784
55,167,062	58,964,183	66,493,348	68,284,989	68,055,695	75,484,915
8,504,511	9,303,742	7,505,173	7,708,394	9,405,989	9,585,551
24,918,306	25,720,884	27,254,312	29,035,165	29,366,198	30,899,412
3,022,516	1,935,895	1,807,993	1,935,228	1,955,031	1,733,400
2,769,182	3,111,493	5,820,601	5,792,668	5,238,468	6,532,195
4,767,944	5,224,964	5,226,832	5,832,384	4,493,210	4,614,027
-	-	-	-	-	-
3,373,000	4,386,392	4,680,651	4,350,052	4,543,339	4,664,129
1,991,540	5,024,991	2,288,988	2,480,507	2,602,782	3,713,928
1,178,464	1,162,649	961,457	1,125,609	1,093,584	2,603,869
12,099,293	5,854,962	10,150,912	11,426,274	8,358,450	14,761,715
62,624,756	61,725,970	65,696,921	69,686,279	67,057,051	79,108,226
(7,457,694)	(2,761,786)	796,428	(1,401,291)	998,643	(3,623,311)
7,625,792	20,918,983	7,300,080	5,633,846	4,025,831	6,354,496
-	2,788,350	-	-	-	-
(6,174,358)	(23,301,516)	(7,900,080)	(5,933,846)	(4,325,831)	(6,654,496)
-	-	-	-	-	-
9,903	5,493	-	-	-	(100,000)
-	1,000,000	3,850,000	8,075,000	32,990,000	10,456,000
-	-	-	-	-	-
-	6,687,500	-	-	-	-
(658,706)	-	-	-	-	-
-	-	-	309,758	3,719,954	356,839
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
802,631	8,098,809	3,250,000	8,084,758	36,409,954	10,412,839
(6,655,063)	5,337,023	4,046,428	6,683,467	37,408,597	6,789,528
-	-	(1,995,000)	(956,798)	-	-
\$ (6,655,064)	\$ 5,337,023	\$ 2,051,428	\$ 5,726,669	\$ 37,408,597	\$ 6,789,528
6.7%	11.07%	6.65%	6.34%	6.30%	9.82%

CITY OF TUKWILA, WASHINGTON
SCHEDULE 5
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS

Fiscal Year	Property ^(a)	Sales & Use	Utility ^(b)	Excise	Business ^(c)	Other ^(d)	Total Taxes
2008	11,245,973	17,709,319	3,934,210	3,003,438	475,500	1,089,344	37,457,785
2009	12,190,219	14,585,015	6,172,569	2,824,407	738,341	656,730	37,167,281
2010	13,188,942	14,251,312	6,134,494	2,488,357	727,151	301,867	37,092,122
2011	13,427,139	16,113,584	5,424,643	1,780,294	667,064	622,955	38,035,681
2012	14,072,015	15,441,683	4,001,385	3,201,098	2,497,606	2,288,822	41,502,608
2013	14,510,241	16,316,398	3,879,992	2,745,475	2,570,111	2,418,148	42,440,365
2014	14,870,621	17,105,322	3,855,544	3,512,894	2,555,999	2,447,794	44,348,175
2015	14,320,085	19,334,152	4,019,288	5,321,280	2,749,140	2,739,070	48,483,015
2016	14,562,501	18,908,190	4,045,916	6,508,665	2,716,257	2,856,782	49,598,312
2017	17,667,590	18,807,201	4,175,013	5,380,662	2,698,352	3,002,531	51,731,348
Change 2008-2017	57.5%	5.7%	6.6%	57.6%	547.5%	205.5%	36.0%

Notes:

^(a) Beginning in 2017, property tax includes a voter approved excess levy for public safety facilities.

^(b) Utility taxes enacted beginning in 2003 for electric, natural gas, cable and telephone utilities are assessed at rates of 6.0%.

A utility tax was added in 2009 for solid waste and recycling assessed at a 6.0% rate.

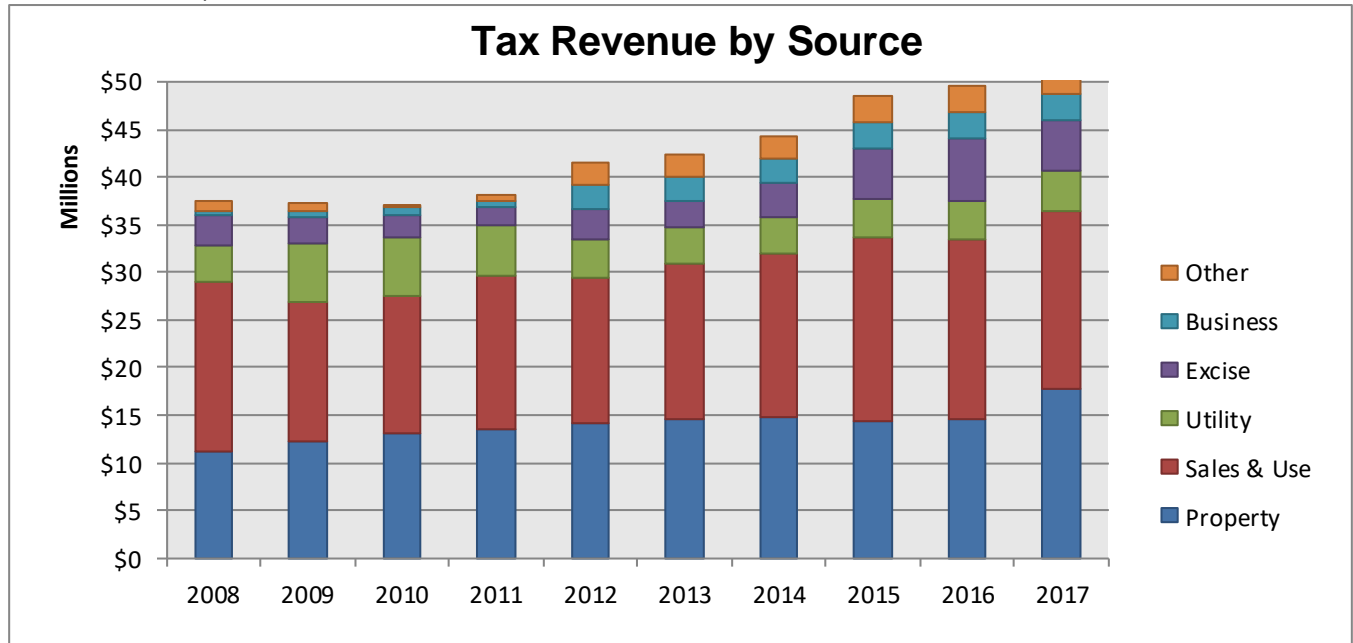
A utility tax rate of 10.0% was added in 2010 on the City's water, sewer, and stormwater utilities.

^(c) Beginning in 2012, reporting of "Business" tax revenues include the Revenue Generating Regulatory License (RGRL) fees.

^(d) "Other Taxes" include a hotel/motel tax and interfund utility taxes.

Source:

Tukwila Finance Department



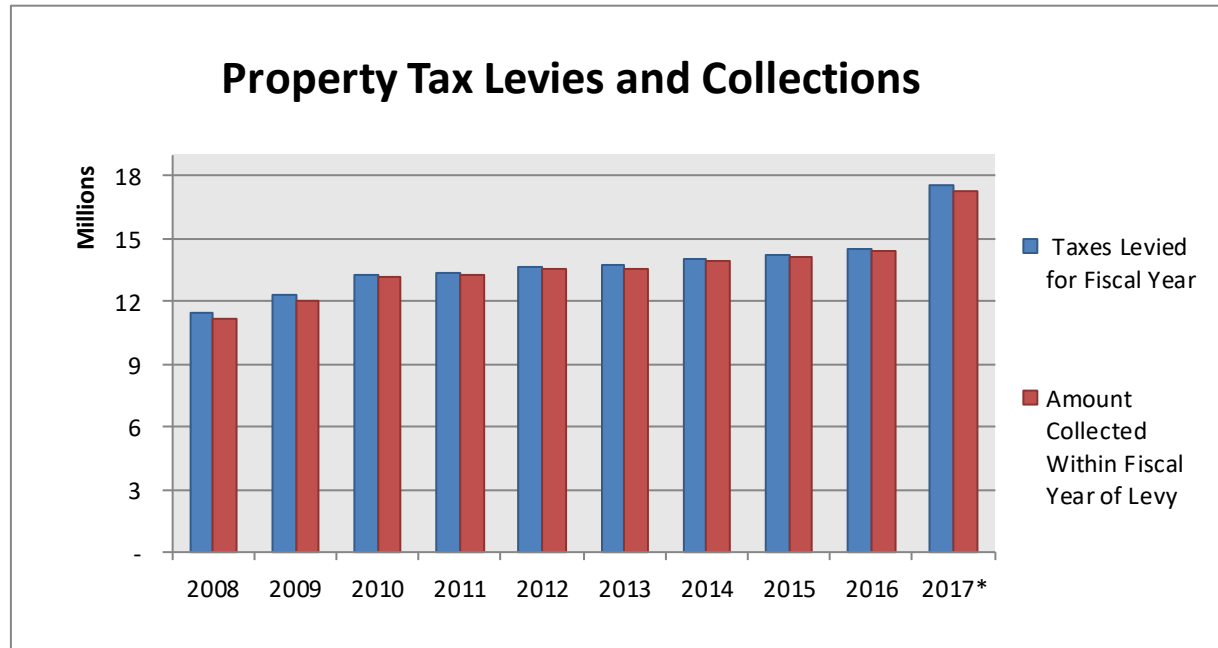
CITY OF TUKWILA, WASHINGTON
SCHEDULE 6
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Levy Balance
		Amount	% of Levy		Amount	% of Levy	
2008	11,410,664	11,194,247	98.10%	216,076	11,410,632	100.00%	32
2009	12,286,929	12,017,213	97.80%	264,905	12,282,118	99.96%	4,811
2010	13,233,796	13,152,012	99.38%	80,311	13,234,267	100.00%	(470)
2011	13,383,153	13,225,338	98.82%	156,088	13,376,721	99.95%	6,431
2012	13,697,474	13,521,621	98.72%	173,716	13,697,982	100.00%	(508)
2013	13,740,076	13,549,525	98.61%	175,699	13,742,487	100.02%	(2,412)
2014	14,047,317	13,916,718	99.07%	126,155	14,042,872	99.97%	4,444
2015	14,245,846	14,113,739	99.07%	111,903	14,225,642	99.86%	20,204
2016	14,516,623	14,375,358	99.03%	97,341	14,472,699	99.70%	43,925
2017*	17,551,561	17,262,965	98.36%	-	17,262,965	98.36%	288,596

*First year of collection on 2016 voter-approved excess levy for Public Safety Plan

Source:

King County Office of Finance



CITY OF TUKWILA, WASHINGTON
SCHEDULE 7
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

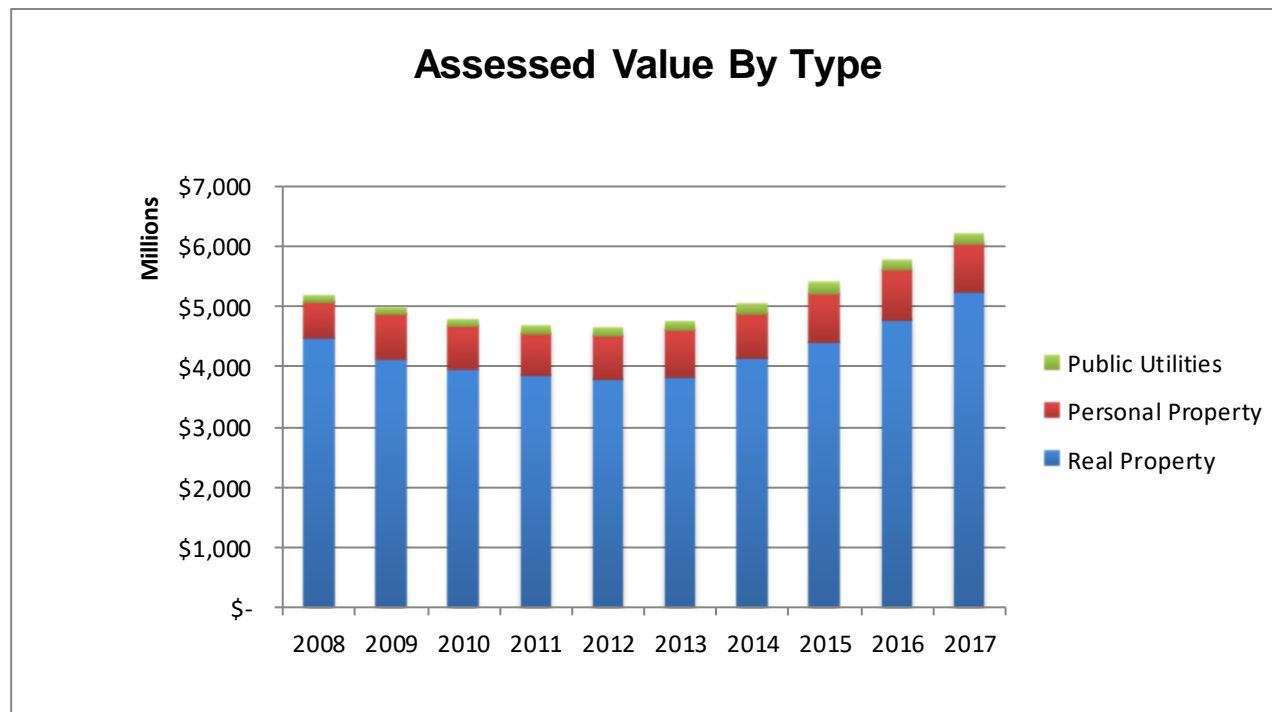
Fiscal Year	Real Property	Personal Property	Public Utilities	Total Assessed Value	Total Direct Tax Rate
2008	4,470,042,539	595,268,205	110,399,231	5,175,709,975	2.37324
2009	4,122,961,628	746,710,751	112,779,972	4,982,452,351	2.66345
2010	3,950,829,851	717,795,417	119,827,058	4,788,452,326	2.82566
2011	3,833,295,985	712,607,656	129,726,102	4,675,629,743	2.95408
2012	3,778,571,709	736,480,616	134,138,983	4,649,191,308	2.98778
2013	3,824,448,044	779,103,146	152,822,498	4,756,373,688	2.97799
2014	4,146,952,417	744,616,273	162,510,057	5,054,078,747	2.84188
2015	4,409,931,075	810,422,092	174,971,951	5,395,325,118	2.71073
2016	4,763,568,175	849,695,435	150,386,219	5,763,649,829	3.05735
2017	5,242,264,743	780,938,084	161,740,436	6,184,943,263	2.91864

Note:

**Real, personal, and state public service property have been assessed at 100% of the estimated value.*

Source:

King County Department of Assessments



CITY OF TUKWILA, WASHINGTON
SCHEDULE 8
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
 (PER \$1,000 OF ASSESSED VALUATION)
 LAST TEN FISCAL YEARS

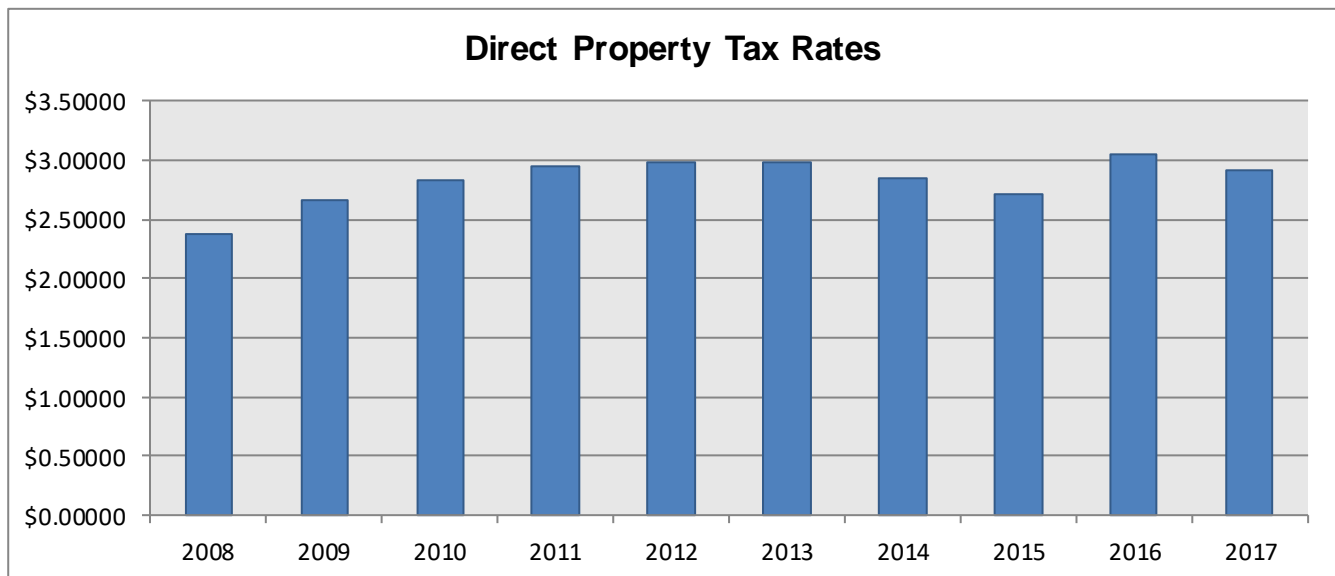
-----CITY OF TUKWILA-----													Central Puget Sound Regional Transit Authority	Total
Fiscal Year	General Levy	Special Levy	Total	WA State	King County ^(a)	Port of Seattle	Emergency Medical Service	Tukwila School Dist #406	Flood Control	Tukwila Pool Metropolitan Park District	Hospital District #1			
2008	2.37324	-	2.37324	1.96268	1.51508	0.19700	0.27404	4.12360	0.09123	-	0.47141	-	-	11.00828
2009	2.66345	-	2.66345	2.22253	1.74587	0.21597	0.30000	3.89183	0.10514	-	0.53290	-	-	11.67769
2010	2.82566	-	2.82566	2.27990	1.90797	0.22366	0.30000	5.03380	0.10976	-	0.55753	-	-	13.23828
2011	2.95408	-	2.95408	2.42266	1.98580	0.22982	0.30000	5.44659	0.11616	-	0.50372	-	-	13.95883
2012	2.98778	-	2.98778	2.56720	2.11172	0.23324	0.30000	5.69832	0.13210	0.15000	0.50000	-	-	14.68036
2013	2.97799	-	2.97799	2.47044	2.08129	0.21533	0.33500	5.89098	0.15369	0.14944	0.50000	-	-	14.77416
2014	2.84188	-	2.84188	2.28514	1.84798	0.18885	0.30217	5.50160	0.13860	0.14962	0.50000	-	-	13.75584
2015	2.71073	-	2.71073	2.16898	1.95741	0.16954	0.28235	5.22858	0.12980	0.14853	0.50000	-	-	13.29592
2016	2.58592	0.47143	3.05735	2.03205	1.83412	0.15334	0.26305	5.36954	0.11740	0.15653	0.50089	0.25000	-	13.73427
2017	2.46285	0.45579	2.91864	2.91820	1.32735	0.13518	0.23940	5.17356	0.10708	0.15513	0.45689	0.22745	-	13.65888

Note:

^(a) Includes King County Library District tax and Ferry

Source:

King County Department of Assessments



CITY OF TUKWILA, WASHINGTON
SCHEDULE 9
PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO

Name	Type of Business	2017 Assessed Valuation	Percent of 2017 Total Assessed Value ^(a)	2008 Assessed Valuation	Percent of 2008 Total Assessed Value ^(b)
Boeing Company	Airplane company	\$ 649,477,382	10.55%	\$ 548,000,475	10.63%
Westfield (WEA) Southcenter LLC	Department Stores	331,894,672	5.39%	302,586,200	5.87%
Boeing Employees Credit Union	Credit Union	131,088,803	2.13%	47,777,584	0.93%
La Planta LP/Segale Properties	Commercial Properties	121,353,075	1.97%	117,844,205	2.29%
Sabey Corporation	Real Estate Development	112,816,028	1.83%	-	-
LIT Industrial Limited Partnership	Business Services	105,799,200	1.72%	-	-
KIR Tukwila 050 LLC/KIMCO	Commercial Properties	88,273,700	1.43%	95,880,480	1.86%
3301 South Norfolk LLC (Sea-Tuk Warehouse LLC)	Food Distribution	87,512,300	1.42%	35,598,100	0.69%
CPF Kent Valley LLC	Commercial Properties	62,141,900	1.01%	-	-
CenturyLink Communications (Qwest Corporation)	Telephone Utility	60,616,151	0.98%	11,584,382	0.22%
International Gateway East	Non-Residential Property Management	57,901,108	0.94%	-	-
Washington Towers LP	Real Estate Development	57,294,500	0.93%	-	-
BKM Tukwila 117 LLC (formerly Icon Tukwila Owner Pool 1)	Investment Property	50,568,700	0.82%	-	-
Puget Sound Energy/Gas - Electric	Electric/Gas Utility	37,261,348	0.61%	28,036,339	0.54%
Harnish Group Incorporated	Truck Equipment	-	-	17,267,495	0.33%
Sterling Realty Organization	Commercial Properties	-	-	35,981,100	0.70%
Low's HNW Incorporated	Home Improvement	-	-	15,508,451	0.30%
Hill Investment Company	Commercial Properties	-	-	8,219,300	0.16%
Rreef America Reit II Corporation	Commercial Properties	-	-	69,421,300	1.35%
Heitman	Commercial Properties	-	-	-	0.00%
E Property Tax Dept	Commercial Properties	-	0.00%	30,831,200	0.60%
Wig Properties LLC (JC Penney)	Department Stores	-	0.00%	15,977,900	0.31%
COSTCO Wholesale	Cash & Carry Warehouse	-	0.00%	-	-
Bank of China New York Branch (formerly Anne Arundel Apartments)	Apartments	-	0.00%	29,708,200	0.58%
AMB Property	Real Estate Development	-	0.00%	-	-
International Gateway West	Non-Residential Property Management	-	0.00%	-	-
CLPF-Tukwila LP	Startup Company	-	0.00%	-	-
Seatac Hotel (Koar-Seatac Partners LP)	Lodging	-	0.00%	23,327,718	0.45%
Southcenter Corporate Square	Commercial Properties	-	0.00%	26,465,000	-
CSM Corp	Real Estate Development	-	0.00%	-	-
Federated Department Stores (Macys)	Department Stores	-	0.00%	31,200,200	0.61%
Centerpoint 8801 Marginal (Merrill Creek Holdings LLC)	Properties Trust	-	0.00%	21,886,500	0.42%
John C Radovich Dev. Co.	Commercial Properties	-	0.00%	-	-
Talon Riverview Plaza LLC (formerly BRCP Riverview Plaza LLC)	Commercial Properties	-	0.00%	27,088,600	0.53%
CHA Tukwila LLC (Doubletree Inn)	Lodging	-	0.00%	19,979,480	0.39%
Avis Rent A Car System LLC	Car Rental Services	-	0.00%	-	-
Demone Trust Oxbow 2601	Manufacturing	-	0.00%	-	-
Jorgensen Forge Corporation	Steel Manufacturer	-	0.00%	26,115,389	0.51%
TOTALS		\$ 1,953,998,867	31.74%	\$ 1,586,285,598	30.26%

Notes:

^(a) In 2017 the total assessed property value in the City of Tukwila was \$ 6,155,826,776.

^(b) In 2008 the total assessed property value in the City of Tukwila was \$ 5,155,404,039.

Source:

King County Department of Assessments



CITY OF TUKWILA, WASHINGTON
SCHEDULE 10
RETAIL SALES TAX COLLECTIONS BY SECTOR
 LAST TEN FISCAL YEARS

page 1 of 2

Major Industry Sector	2008	2009	2010	2011
Construction and Contracting	\$ 1,967,785	\$ 869,640	\$ 917,250	\$ 1,390,952
Finance, Insurance & Real Estate	118,780	119,121	99,975	115,123
Manufacturing	375,263	246,429	387,234	232,737
Transportation, Communications & Utilities	492,960	440,206	441,822	405,197
Wholesale - Durable/Non-durable Goods	1,760,449	1,436,045	1,346,750	1,119,527
Retail Trade - General Merchandise	2,231,745	2,072,356	2,068,263	2,003,947
Retail Trade - Furniture/Home Furnishings	1,830,576	1,304,234	1,380,407	1,771,083
Retail Trade - Miscellaneous	1,718,898	1,473,496	1,521,741	1,626,452
Retail Trade - Clothing & Accessories	2,103,630	2,017,904	2,018,304	2,037,554
Retail Trade - Restaurants	1,312,603	1,292,252	1,342,964	1,337,067
Retail Trade - Automotive/Gas	1,066,183	748,482	664,310	670,806
Retail Trade - Building Materials	619,657	589,341	499,383	487,620
Service Industries - Business	1,129,380	868,260	882,012	932,422
Service Industries - Hotels	548,962	453,657	428,450	459,606
Service Industries - Other	318,696	283,319	215,045	202,217
All Other Categories	185,312	208,467	366,925	553,493
Total Retail Sales Tax Collections	\$ 17,780,879	\$ 14,423,209	\$ 14,580,835	\$ 15,345,801

Notes:

By State law, the City of Tukwila is prohibited from reporting individual sales tax payers.

Sources:

Tukwila Finance Department and Washington State Department of Revenue.

page 2 of 2

2012	2013	2014	2015	2016	2017
\$ 961,125	\$ 1,212,594	\$ 829,073	\$ 1,255,650	\$ 1,383,624	
143,792	174,705	141,010	163,161	175,060	139,872
390,252	386,964	322,189	281,501	269,117	179,593
432,608	475,688	549,126	743,746	746,115	721,414
1,077,613	1,108,771	1,592,613	2,016,722	1,295,141	1,175,064
2,000,865	2,154,523	2,137,256	2,205,778	2,202,158	2,131,267
1,537,143	1,405,274	1,431,965	1,527,377	1,623,926	1,613,643
1,703,741	1,870,200	1,973,478	1,954,150	2,032,967	2,077,249
2,082,930	2,070,198	2,013,796	2,159,647	2,089,128	2,066,858
1,472,343	1,529,101	1,611,860	1,703,187	1,751,724	1,889,031
690,076	690,691	765,765	825,143	743,468	800,580
516,861	565,734	600,610	683,485	733,928	805,324
928,610	968,996	1,073,511	1,265,789	1,467,620	1,436,825
487,977	502,721	562,130	626,822	650,270	650,332
234,870	246,802	274,497	273,514	253,089	308,939
381,693	525,133	468,547	978,142	845,209	812,654
\$ 15,042,499	\$ 15,888,089	\$ 16,347,426	\$ 18,663,814	\$ 18,262,544	\$ 16,808,645

CITY OF TUKWILA, WASHINGTON
SCHEDULE 11
SALES TAX RATE DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

	2008 ^(c)	2009 ^(d)	2010	2011	2012	2013	2014	2015	2016	2017 ^(d)
<u>BASIC SALES TAX RATES</u>										
City of Tukwila	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%
Washington State	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
King County	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Regional Transit Authority	0.40%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	1.40%
Metro	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
Criminal Justice	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Department of Revenue Administration Fee	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Total Basic Combined Sales Tax Rate	9.00%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	10.00%
<u>SPECIAL SALES TAX RATES</u>										
Restaurants ^(a)	0.50%	0.50%	0.50%	0.50%	-	-	-	-	-	-
Motor Vehicles ^(b)	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%

Notes:

^(a) King County Food & Beverage tax is in addition to the combined sales tax rate for restaurants, taverns and bars.

The funds are used to finance the professional baseball stadium in Seattle.

*** NOTE: This tax expired on October 1, 2011 as taxes imposed to pay the construction bonds for the Seattle baseball stadium expired.**

^(b) Effective July 1, 2003, all retail sales, leases and transfers of motor vehicles are subject to the additional sales tax of three-tenths of one percent (.003). The funds are used to finance transportation improvements.

^(c) Effective April 1, 2008, King County increased the local sales & use tax rate one-tenth of one percent (.001).

The tax will be used for chemical dependency or mental health treatment services.

^(d) Effective April 1, 2009, the Regional Transit Authority Tax increased five-tenths of one percent (.005).

Effective April 1, 2017, the Regional Transit Authority Tax increased five-tenths of one percent (.005), to one and four-tenths of one percent (.014).

The tax will be used to expand and coordinate light-rail, commuter-rail, and express bus service, and improve access to transit facilities in King, Pierce, and Snohomish Counties.

Source:

Washington State Department of Revenue Local Sales and Use Tax Rates.



CITY OF TUKWILA, WASHINGTON
SCHEDULE 12
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Page 1 of 2

	2008	2009	2010	2011	2012	2013	2014
GOVERNMENTAL ACTIVITIES							
General Obligation Bonds ^(c)	\$17,261,348	\$22,453,003	\$26,763,975	\$28,006,800	\$25,752,600	\$21,727,609	\$23,851,376
Special Assessment ^(d)	-	-	-	-	-	6,687,500	6,687,500
Leases	-	-	40,184	35,891	-	-	-
Total Governmental Activities	17,261,348	22,453,003	26,804,159	28,042,691	25,752,600	28,415,109	30,538,876
BUSINESS-TYPE ACTIVITIES							
General Obligation Bonds	3,642,500	3,423,797	3,238,825	-	-	-	-
Revenue Bonds	5,112,231	4,790,000	4,395,000	3,980,000	3,540,000	3,075,000	2,580,000
Public Works Trust Fund Loans	9,021,951	8,405,397	7,788,843	7,179,635	6,621,342	6,063,071	5,742,866
Leases	11,666	-	-	-	-	-	-
Total Business-Type Activities	17,788,348	16,619,194	15,422,668	11,159,635	10,161,342	9,138,071	8,322,866
TOTAL PRIMARY GOVERNMENT ^(a)	\$35,049,696	\$39,072,197	\$42,226,827	\$39,202,326	\$35,913,942	\$37,553,180	\$38,861,742
Population ^(b)	18,080	18,170	19,107	19,486	19,611	19,765	19,920
Per Capita Personal Income ^(b)	\$ 62,329	\$ 55,569	\$ 55,503	\$ 58,688	\$ 63,345	\$ 66,073	\$ 71,882
Percentage of Personal Income	3.11%	3.87%	3.98%	3.43%	2.89%	2.88%	2.71%
Debt Per Capita	\$ 1,939	\$ 2,150	\$ 2,210	\$ 2,012	\$ 1,831	\$ 1,900	\$ 1,951

Notes:

^(a) Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements section.^(b) Reference SCHEDULE 16, Demographic Statistics, for population and personal income data.^(c) Includes amounts Due to Other Governments.^(d) Special assessment debt was issued in 2013 for the Klickitat Urban Access Project.

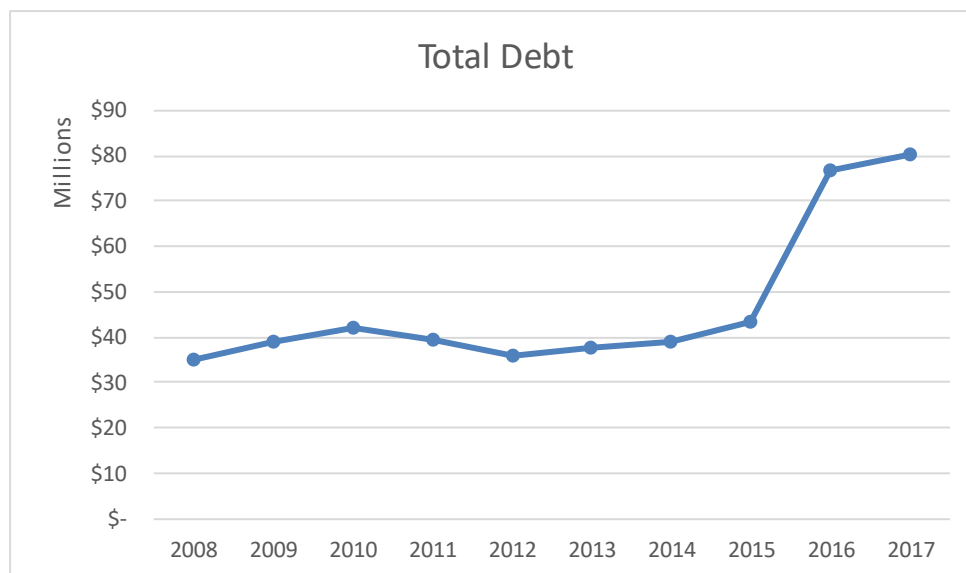
*** Data not available at time of publication.

Sources:

U.S. Census Bureau

WA State Office of Financial Management

City of Tukwila Finance Department



Page 2 of 2

2012	2013	2014	2015	2016	2017
\$ 25,752,600	\$ 21,727,609	\$ 23,851,376	\$ 30,084,437	\$ 64,589,264	\$ 69,576,786
-	6,687,500	6,687,500	6,082,500	5,412,500	4,805,000
-	-	-	-	-	-
25,752,600	28,415,109	30,538,876	36,166,937	70,001,764	74,381,786
-	-	-	-	-	-
3,540,000	3,075,000	2,580,000	1,742,527	1,597,704	1,454,422
6,621,342	6,063,071	5,742,866	5,646,458	5,046,900	4,447,522
-	-	-	-	-	-
10,161,342	9,138,071	8,322,866	7,388,985	6,644,604	5,901,944
\$ 35,913,942	\$ 37,553,180	\$ 38,861,742	\$ 43,555,922	\$ 76,646,368	\$ 80,283,729
19,611	19,765	19,920	19,300	19,540	19,660
\$ 63,345	\$ 66,073	\$ 71,882	\$ 77,518	\$ 77,213	***
2.89%	2.88%	2.71%	2.91%	5.08%	***
\$ 1,831	\$ 1,900	\$ 1,951	\$ 2,257	\$ 3,923	\$ 4,084

nts section.

CITY OF TUKWILA, WASHINGTON
SCHEDULE 13
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
 LAST TEN FISCAL YEARS

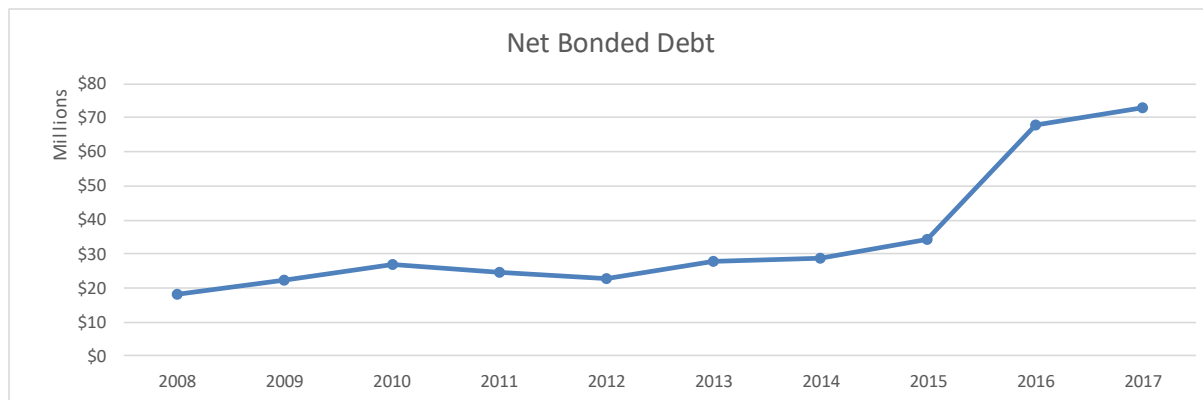
Fiscal Year	Population	Assessed Value	Gross Bonded Debt	Special Assessment Debt ^(a)	Less Debt Service Funds ^(b)	Debt Payable from Enterprise Revenues ^(c)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2008	18,080	5,175,709,975	23,125,007	-	1,250,275	3,642,500	18,232,231	0.35%	1,008
2009	18,170	4,973,984,133	25,876,800	-	135,438	3,423,797	22,317,565	0.45%	1,228
2010	19,107	4,809,486,786	29,950,150	-	3,050	3,238,825	26,708,275	0.56%	1,398
2011	19,486	4,752,606,030	28,006,800	-	3,330,312	-	24,676,488	0.52%	1,266
2012	19,611	4,649,191,308	25,752,600	-	3,012,381	-	22,740,219	0.49%	1,160
2013	19,765	4,756,373,688	21,727,609	6,687,500	696,346	-	27,718,763	0.58%	1,402
2014	19,920	5,054,078,747	23,851,376	6,687,500	1,687,497	-	28,851,379	0.57%	1,448
2015	19,300	5,395,325,118	30,084,437	6,082,500	1,910,940	-	34,255,997	0.63%	1,775
2016	19,540	5,763,649,829	64,589,264	5,412,500	1,962,497	-	68,039,267	1.18%	3,482
2017	19,660	6,155,826,776	69,576,786	4,805,000	1,323,959	-	73,057,826	1.19%	3,716

Note:

- (a) *Special assessment debt was issued in 2013 for the Klickitat Urban Access Project.*
 (b) *Includes both restricted and assigned fund balance available for debt service payment.*
 (c) *These amounts are the general obligation bonds that are being repaid by the Foster Golf Course Fund.*

Sources:

U.S. Census Bureau
 State of Washington Office of Financial Management
 King County Department of Assessments
 Tukwila Finance Department



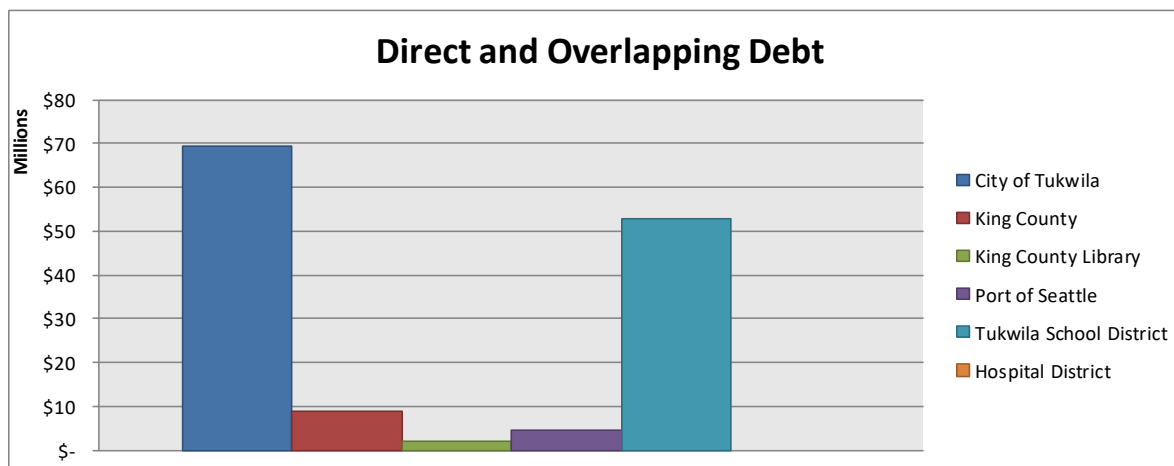
CITY OF TUKWILA, WASHINGTON
SCHEDULE 14
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 AS OF DECEMBER 31, 2017

Jurisdiction	Net General Obligation Debt Outstanding	Percentage Applicable to Tukwila ⁽¹⁾	Estimated Applicable to Tukwila
Direct:			
City of Tukwila	\$ 69,576,786	100.00%	\$ 69,576,786
Overlapping:			
King County	724,994,000	1.22%	8,844,927
King County Library	87,869,746	2.14%	1,880,413
Port of Seattle	388,360,000	1.22%	4,737,992
Tukwila School District #406	57,560,005	91.55%	52,696,185
Hospital District #1	-	4.91%	-
Total Overlapping Debt:	<u>1,258,783,751</u>		<u>68,159,516</u>
Total Direct and Overlapping Debt:	<u>\$ 1,328,360,537</u>		<u>\$ 137,736,302</u>

Sources:

King County Office of Finance
 King County Office of Assessments

⁽¹⁾ The percentage of overlapping debt applicable is estimated using taxable county assessed property values.



CITY OF TUKWILA, WASHINGTON
SCHEDULE 15
LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS

Page 1 of 2

	2008	2009	2010	2011
Debt Limit	\$ 388,178,248	\$ 373,048,810	\$ 360,711,509	\$ 356,445,452
Total net debt applicable to limit	21,881,765	28,291,920	32,919,123	29,703,995
Legal debt margin	\$ 366,296,483	\$ 344,756,890	\$ 327,792,386	\$ 326,741,457
Total net debt applicable to the limit as a percentage of debt limit	5.64%	7.58%	9.13%	8.33%
Assessed Value as of December 31, 2017	\$6,155,826,776			
Debt Limit (7.5% of assessed value)	461,687,008			
Debt applicable to limit:				
General obligation bonds	65,128,905			
Other long-term debt				
	<u>396,558,104</u>			
Less: Amount set aside for repayment of general obligation debt and contracts payable				
Total net debt applicable to limit	65,128,905			
Legal debt margin	<u><u>\$ 396,558,104</u></u>			

Source:

Tukwila Finance Department

Page 2 of 2

2012	2013	2014	2015	2016	2017
\$ 348,689,348	\$ 356,728,027	\$ 379,055,906	\$ 404,649,384	\$ 432,273,737	\$ 461,687,008
25,884,632	21,727,609	23,288,621	29,322,914	60,208,532	65,128,905
\$ 322,804,716	\$ 335,000,418	\$ 355,767,285	\$ 375,326,470	\$ 372,065,205	\$ 396,558,104
7.42%	6.09%	6.14%	7.25%	13.93%	14.11%

CITY OF TUKWILA, WASHINGTON
SCHEDULE 16
DEMOGRAPHIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	Population	Per Capita Personal Income ^(a)	Personal Income ^(b) (in thousands)	Number of Single-Family Homes	Number of Multi-Family Units	Tukwila School District Enrollment	Unemployment Rate ^(c)
2008	18,080	62,329	1,126,908	3,884	4,107	2,769	5.9%
2009	18,170	55,569	1,009,689	3,885	4,107	2,795	10.9%
2010	19,107	55,503	1,060,496	3,892	4,107	2,907	11.7%
2011	19,486	58,688	1,143,594	3,894	4,094	2,870	7.6%
2012	19,611	63,345	1,242,259	3,896	4,094	2,902	7.4%
2013	19,765	66,073	1,305,933	3,915	4,094	2,882	5.2%
2014	19,920	71,882	1,431,889	3,920	4,103	2,978	4.1%
2015	19,300	75,518	1,457,497	3,940	4,103	2,910	4.5%
2016	19,540	77,213	1,508,742	3,969	4,103	2,873	4.2%
2017	19,660	***	***	3,995	4,103	2,961	3.5%

Notes:

(a) *Per Capita Personal Income data shown is for King County. Specific data for City of Tukwila is not available.*

(b) *Personal Income estimates are calculated by multiplying Tukwila population by the Per Capita Personal Income estimates for Tukwila and are based on a revised methodology that provides for more accuracy. See also Footnote (a).*

(c) *Unemployment rates are listed and estimated using the census-share method.*

*** *Data not available at time of publication.*

Sources:

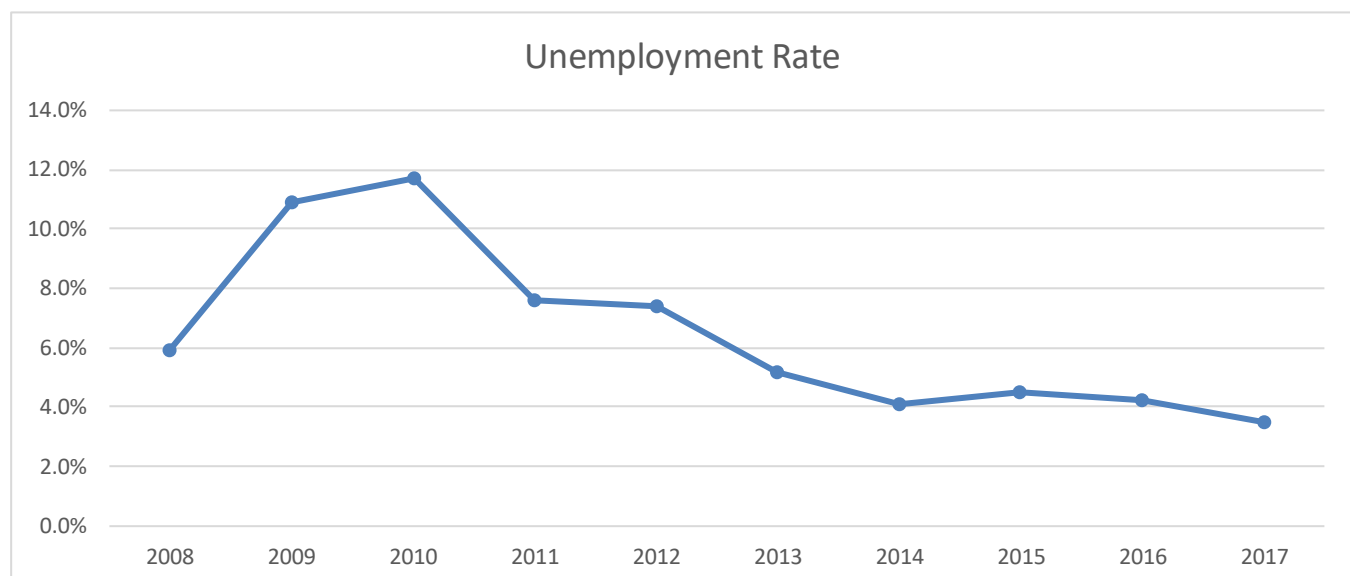
Tukwila Planning Division, Department of Community Development

State of Washington Office of Financial Management

Work Force Development Council of Seattle - King County (Unemployment Data)

Tukwila School District #406

US Bureau of Economic Analysis



CITY OF TUKWILA, WASHINGTON
SCHEDULE 17
PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO

Name of Company/Employer	Product or Business	2017 Full & Part-Time Employment	Percentage of Total City Employees	2008 Full & Part-Time Employment	Percentage of Total City Employees
Boeing Company	Aircraft Manufacturing	4,644	11.73%	8,043	18.98%
Macy's West Stores Inc	Department Store	877	2.22%	376	0.89%
King County Metro	Transit Operating Base	806	2.04%	644	1.52%
Boeing Employee's Credit Union	Credit Union	658	1.66%	376	0.89%
Nordstrom	Family Clothing Store	616	1.56%	334	0.79%
Hat Club LLC	Clothing Accessories	586	1.48%	-	0.00%
Zonar Systems Inc	Miscellaneous Store	409	1.03%	-	0.00%
United Parcel Service	Courier and Express Delivery	388	0.98%	-	0.00%
Costco Wholesale	Warehouse Club	362	0.91%	-	0.00%
Cheesecake Factory	Full-Service Restaurant	340	0.86%	-	0.00%
Sub-total - Major Employers		9,686		9,773	
All Other Employment		29,906		32,595	
TOTAL EMPLOYMENT		39,592		42,368	

Source:

Tukwila Finance Department - Business Licenses

CITY OF TUKWILA, WASHINGTON
SCHEDULE 18
FULL TIME EQUIVALENT EMPLOYEE BY DEPARTMENT
LAST TEN FISCAL YEARS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
DEPARTMENT										
Administrative Services ^(a)	19.75	-	-	-	-	-	-	-	-	-
Council	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Mayor ^(b)	11.00	16.00	17.00	15.75	16.75	17.75	21.00	20.00	17.00	17.00
Human Resources ^(a)	-	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.00
Finance	12.00	12.00	13.00	11.00	12.00	12.00	12.00	12.00	12.00	11.00
Recreation	23.50	22.50	20.75	16.25	16.25	16.25	16.00	16.75	17.25	16.25
Community Development	24.25	24.25	23.00	22.63	23.38	22.13	21.63	21.00	23.75	23.00
Court ^(a)	-	9.75	8.75	8.75	9.00	9.00	9.10	8.10	9.10	10.40
Police ^(c)	83.00	82.00	80.00	83.00	88.00	87.50	89.00	93.00	93.75	92.75
Fire	64.00	63.00	65.00	66.00	67.00	67.00	67.00	70.00	71.00	73.00
Information Technology ^(a)	-	8.00	8.00	8.00	8.00	7.00	6.00	6.00	7.00	9.00
Public Works	33.00	32.00	30.00	30.00	30.00	31.00	31.00	32.00	32.00	31.00
Parks	7.50	7.50	7.50	7.50	7.50	6.00	7.00	7.00	8.00	9.00
Street	12.00	12.00	11.00	12.00	12.00	12.50	11.50	10.00	12.00	11.00
Water	7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.00	7.00	7.00
Sewer	2.00	2.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00
Golf	9.75	9.75	10.00	9.25	8.25	9.25	8.25	8.25	7.75	8.75
Surface Water	8.00	8.00	7.00	8.00	8.00	8.00	8.00	9.00	9.00	9.00
Equipment Rental	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Metropolitan Park District Pool ^(d)	-	-	-	2.00	2.00	2.00	2.00	-	-	-
TOTAL	328.75	331.75	325.00	325.13	333.13	332.38	334.48	337.10	344.60	346.15

Notes:

Based on filled positions not budgeted positions.

^(a) The departments for Human Resources, Court, City Clerk and Information Technology were previously reported under Administrative Services.

^(b) The department of City Clerk began reporting to the Mayor's department in 2009.

^(c)

^(d) On September 12, 2011, the Board of Commissioners approved the formation of the Tukwila Metropolitan Park District (MPD) Pool.

For the comprehensive annual financial report years of 2011 and 2012, the MPD Pool was treated as a discretely presented component unit. Effective with the report year 2013, statistical information is now included for the MPD and presented as a blended component unit.

Source:

Tukwila Finance Department

CITY OF TUKWILA, WASHINGTON
SCHEDULE 19
OPERATING INDICATORS BY FUNCTION
 LAST TEN FISCAL YEARS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
FUNCTION										
Police										
Number of Calls for Service	35,816	33,095	32,889	30,272	31,916	31,355	29,840	32,946	34,229	33,123
Fire										
Number of Responses	4,824	4,654	4,574	4,649	4,844	4,604	5,156	5,549	5,754	5,840
Total Fire Loss	\$2,300,685	\$1,934,596	\$1,655,571	\$1,601,596	\$675,847	\$343,495	\$2,738,080	\$1,926,944	\$2,821,016	\$1,142,486
Total Inspections	6,787	6,787	^(b) 1,550	^(b) 1,360	^(b) 4,541	3,389	3,850	2,331	1,860	1,951
Parks and Recreation										
Class Participants	109,273	103,603	85,693	64,049	58,260	52,319	45,514	68,970	64,782	83,030
Community Ctr Admissions	117,533	134,183	134,275	115,728	116,136	114,748	132,397	136,984	141,218	143,872
Rounds of Golf Played	53,565	53,800	50,445	45,947	47,392	47,757	47,267	51,017	47,595	43,568
Pool Attendance **	59,077	80,727	101,128	66,213	69,332	71,233	79,537	-	-	-
Street										
Miles	79	79	79	79	79	79	79	79	79	79
Hours Maintaining	19,840	22,140	20,360	20,360	22,920	16,767	8,627	4,716	4,836	4,936
Signalized Intersections	63	59	59	59	62	62	62	62	64	66
Hours Maintaining	7,540	6,700	6,925	6,925	7,000	8,815	3,012	2,408	2,135	2,986
Water Utility Services										
Total Customers	2,109	2,112	2,100	2,109	2,117	2,118	2,126	2,145	2,160	2,176
Total Gallons/Water(in thousands)	660,915	731,469	630,755	625,976	650,659	645,982	668,740	697,147	655,472	697,210
Sanitary Sewer										
Total Customers	1,684	1,694	1,699	1,710	1,727	1,742	1,752	1,775	1,789	1,808
Surface Water										
Total Customers	5,164	5,204	5,207	5,207	5,212	5,226	5,239	5,242	5,249	5,282
Licenses										
Business Licenses	2,523	2,422	2,454	2,611	2,030	1,877	2,208	2,220	1,909	2,120
Outside Contractors	-	-	-	-	^(c) 1,066	1,132	1,216	1,215	945	1,437
Permits										
Building Permits	423	265	290	389	354	374	347	277	311	348
Mechanical Permits	256	159	160	180	191	221	216	154	192	198
Electrical Permits	1,533	821	955	1,158	1,175	1,337	1,223	1,119	1,175	1,047
Plumbing Permits	264	145	163	187	210	167	184	140	185	165
Public Works Permits	154	131	138	106	126	155	152	163	175	136
Libraries										
Number of Libraries	3	3	2	2	2	2	2	2	2	2
Total Circulation	303,665	318,991	327,004	333,451	332,509	313,571	284,667	214,520	184,492	157,168

Notes:

(a) Construction of new clubhouse completed and opened in 2003.

(b) Due to information system and data program transitioning, this total does not include fire prevention staff inspections at this time as reported in prior years.

(c) During 2012, *Outside Contractors* began their own business licensing category. Prior to this, outside contractors were consolidated with current year issued licenses.

* Information not available.

** Pool facilities acquired from King County in 2003.

Sources:

Tukwila Departments, King County Library System

CITY OF TUKWILA, WASHINGTON
SCHEDULE 20
CAPITAL ASSETS BY FUNCTION
LAST TEN FISCAL YEARS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
FUNCTION										
General Government										
Total City Area (Square Miles)	8.6	9.7	9.7	9.7	9.63	9.63	9.63	9.63	9.63	9.63
Public Safety										
Police:										
Number of Vehicle Units	67	70	76	84	88	81	89	89	93	93
Fire:										
Number of Fire Stations	4	4	4	4	4	4	4	4	4	4
Number of Engines/Rescue Trucks/Ladders	9	9	8	7	7	7	9	9	9	8
Number of Medical Aid Vehicles	2	2	2	1	1	1	1	1	1	1
Number of Hazardous Materials Trailer Units	2	2	2	2	2	2	2	2	2	2
Transportation										
Paved Streets (lane miles)	163	178	178	178	188.2	188.2	188.2	188.2	188.2	188.2
Sidewalks (miles)	54	56	56	56	64.8	64.8	64.8	64.8	64.8	64.8
Number of Traffic Signals	57	59	59	59	64	63	63	63	74	76
Number of Streetlights Owned by Seattle City Light	1,180	1,180	1,335	1,335	(c) 901	901	902	902	902	902
Number of Streetlights Owned by Puget Sound Energy	670	696	696	623	(c) 187	187	187	187	187	187
Number of Streetlights Owned by City of Tukwila	-	-	-	-	(c) 1,210	1,216	1,224	1,224	1,224	1,224
Culture and Recreation										
Parks Acreage ^(a)	162	162	162	162	175.6	175.6	175.6	190	190	191
Number of Parks	18	18	18	18	19	19	19	19	19	20
Golf Course Acreage	67	67	67	67	77.26	77.26	77.26	77.26	77.26	77.26
Maintained Trails (miles)	11	15	15	15	15	15	15	15	15	15
Number of Playgrounds	13	11	11	11	11	11	11	11	11	11
Swimming Pool	1	1	1	-	-	-	-	-	-	-
Visitor Center	1	1	1	1	1	1	1	1	1	1
Community Center/Recreation Facilities	1	1	1	1	1	1	1	1	1	1
Number of Libraries	3	3	2	2	2	2	2	2	2	2
Water										
Water Distribution Mains (miles)	47	41	41	41	41	41	49	49	49	49
Maximum Daily Capacity (millions of gallons)	10	10	10	10	10	10	10	10	10	10
Number of Fire Hydrants (Owned by City of Tukwila)	572	541	542	554	576	576	576	577	577	579
Vehicles	8	8	8	8	8	8	9	9	9	9
Sewer										
Sanitary Sewers (miles)	37	37	37	37	37	37	37	37	37	39
Maximum Daily Treatment Capacity (millions of gallons)	6.33	6.33	6.33	6.33	6.33	6.33	6.33	6.33	6.33	6.33
Vehicles	6	6	6	6	6	5	4	4	5	5
Surface Water										
Storm Drains (miles) ^(b)	67	69	69	70	70	70	70	71	70.5	97.4
Vehicles	4	4	4	4	4	4	8	8	8	8

Notes:

^(a) Reflects the correct reporting of data for Culture and Recreation - Parks Acreage for the years 2001 through 2006. Parks acreage previously reported included golf course acreage.

^(b) Reflects the correct reporting of data for Surface Water - Storm Drains (miles) for the years 2001 through 2006. Miles previously reported were incorrect data estimates.

into the City's meters. Also, additional street lights were added due to new construction for Southcenter Parkway Extension and Klickitat Projects.

Sources:

Various Departments-Tukwila